HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
FEBRUARY 22, 2017
APPLICATION SUMMARY

NAME OF PROJECT:	Parkridge West Hospital
PROJECT NUMBER:	CN1611-039
ADDRESS:	1000 Highway 28 Jasper (Marion County), TN 37347
LEGAL OWNER:	Parkridge Medical Center, Inc. One Park Plaza Nashville (Davidson County), TN 37203
OPERATING ENTITY:	N/A
CONTACT PERSON:	Jerry W. Taylor (615) 724-3247
DATE FILED:	November 15, 2016
PROJECT COST:	$2,184,808
FINANCING:	Cash Reserves
REASON FOR FILING:	Conversion of 8 existing licensed medical/surgical beds to adult psychiatric beds

DESCRIPTION:

Parkridge West Hospital, LLC located in Jasper (Marion County) TN is a 70 bed acute care satellite of Parkridge Medical Center, Inc. located at 2333 McCallie Avenue, Chattanooga, TN (Hamilton County). Parkridge West Hospital proposes to increase inpatient psychiatric services by converting 8 of the hospital's existing 50 licensed unstaffed general medical/surgical beds to adult (18+) psychiatric beds. If approved, the applicant's adult psychiatric unit will increase from 20 to 28 licensed beds.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW:

Psychiatric Inpatient Services

Standards and Criteria

1. Determination of Need: The population-based estimate of the total need for psychiatric inpatient services is a guideline of 30 beds per 100,000 general population, using population estimates prepared by the TDH and applying the applicable data in the Joint Annual Report (JAR). These estimates represent gross bed need and shall be adjusted by subtracting the existing applicable staffed beds including certified beds in outstanding CONs operating in the area as counted by the TDH in the JAR. For adult programs, the age group of 18-64 years shall be used in calculating the estimated total number of beds needed; additionally, if an applicant proposes a geriatric psychiatric unit, the age range 65+ shall be used. For child inpatients, the age group is 12 and under, and if the program is for adolescents, the age group of 13-17 shall be used. The HSDA may take into consideration data provided by the applicant justifying the need for additional beds that would exceed the guideline of 30 beds per 100,000 general population. Special consideration may be given to applicants seeking to serve child, adolescent, and geriatric inpatients. Applicants may demonstrate limited access to services for these specific age groups that supports exceeding the guideline of 30 beds per 100,000 general population. An applicant seeking to exceed this guideline shall utilize TDH and TDMHSAS data to justify this projected need and support the request by addressing the factors listed under the criteria "Additional Factors".

Service Area	Population 2018		Gross Need Pop. X (30 beds/100,000)		Current Beds		Net Need	
	Adult	65+	Adult	65+	Adult	65+	Adult	65+
Bradley, Grundy, Hamilton, Marion, and Sequatchie Counties	316,567	97,143	95.0	29.1	296		-172	
			124.10 Total					

*There are 296 psychiatric beds 18+ in the primary service area which includes Erlanger Behavioral Health's unimplemented 36 new adult/geriatric beds approved in CN1603-012A at the August 24, 2016 Agency meeting. (**Erlanger Behavioral Health will actually have 48 adult/geriatric psychiatric beds with 12 of those beds transferring from Erlanger North resulting in a net increase of 36**). Subtracting the 296 beds from the 124.10 adult (18+) psychiatric bed need results in a net bed need of -172.*

When considering only adult beds 18 years of age and over, it appears that this criterion has not been met.

Note to Agency members: The TDMHSAS report notes the application of the formula sometimes results in an underestimation of the number of inpatient psychiatric beds needed.

2. Additional Factors: An applicant shall address the following factors:
a. The willingness of the applicant to accept emergency involuntary and non-emergency indefinite admissions;

The applicant will accept involuntary admissions.

It appears that this criterion has been met.

b. The extent to which the applicant serves or proposes to serve the TennCare population and the indigent population;

The applicant projects a payor mix of 26.2% TennCare in Year One. Charity care totals $106,936 in Year Two, equaling 22.50 patient days.

It appears that this criterion has been met.

c. The number of beds designated as "specialty" beds (including units established to treat patients with specific diagnoses);

The applicant will not have any beds designated as "specialty beds".

It appears that this criterion has not been met.

d. The ability of the applicant to provide a continuum of care such as outpatient, intensive outpatient treatment (IOP), partial hospitalization, or refer to providers that do;

As part of the applicant's 2017 Behavioral Health Growth Plan, intensive outpatient (IOP) and/or partial hospitalization (PHP) programs will be offered.

It appears that this criterion has been met.

e. Psychiatric units for patients with intellectual disabilities;

The applicant does not have a unit specific to patients with intellectual disabilities.

It appears that this criterion has not been met.

f. Free standing psychiatric facility transfer agreements with medical inpatient facilities;

The applicant is operated under the general hospital license of Parkridge Medical Center. If needed, a medical transfer will be made to Parkridge Medical Center without the need for a transfer agreement.

It appears that this criterion has been met.

g. The willingness of the provider to provide inpatient psychiatric services to all populations (including those requiring hospitalization on an involuntary basis, individuals with co-occurring substance use disorders, and patients with comorbid medical conditions); and

The applicant accepts involuntary admissions and patients with a dual diagnosis.

It appears that this criterion has been met.

h. The applicant shall detail how the treatment program and staffing patterns align with the treatment needs of the patients in accordance with the expected length of stay of the patient population.

The applicant is for short stay acute patients diagnosed with a psychiatric condition.

It appears that this criterion has been met.

i. Special consideration shall be given to an inpatient provider that has been specially contracted by the TDMHSAS to provide services to uninsured patients in a region that would have previously been served by a state operated mental health hospital that has closed.

Not applicable to the proposed service area.

j. Special consideration shall be given to a service area that does not have a crisis stabilization unit available as an alternative to inpatient psychiatric care.

Not applicable, a 15 bed crisis stabilization unit operated by Volunteer Behavioral Health Care System is available in Hamilton County.

3. Incidence and Prevalence: The applicant shall provide information on the rate of incidence and prevalence of mental illness and substance use within the proposed service area in comparison to the statewide rate. Data from the TDMHSAS or the Substance Abuse and Mental Health Services Administration (SAMHSA) shall be utilized to determine the rate. This comparison may be used by the HSDA staff in review of the application as verification of need in the proposed service area.

The applicant has provided a Tennessee Department of Mental Health and Substance Abuse Services (TDMHSAS) graph located in Attachment Section B, Need, 1, (3) that indicates the percentage of adults with serious mental illness in the last year in Region 3 which includes the primary service area was 5.1% in 2010-2012. This compares to 4.2% in Tennessee overall and 4.0% in the US overall.

It appears that this criterion has been met.

4. Planning Horizon: The applicant shall predict the need for psychiatric inpatient beds for the proposed first two years of operation.

The applicant provided the following need prediction for Year One and Year Two of the proposed project.

Year	Beds	Patient Days	ADC	% Occupancy
Year 1	28	8,222	22.5	80.5%
Year 2	28	8,515	23.3	83.3%

Source: CN1611-039

It appears that this criterion has been met.

5. Establishment of Service Area: The geographic service area shall be reasonable and based on an optimal balance between population density and service proximity of the applicant. The socio-demographics of the service area and the projected population to receive services shall be considered. The proposal's sensitivity and responsiveness to the special needs of the service area shall be considered, including accessibility to consumers, particularly women, racial and ethnic minorities, low income groups, other medically underserved populations, and those who need services involuntarily. The applicant may also include information on patient origination and geography and transportation lines that may inform the determination of need for additional services in the region.

Residents of the applicant's 5 county service area accounted for 82% of the applicant's Tennessee psychiatric admissions in 2015.

It appears that this criterion has been met.

6. Composition of Services: Inpatient hospital services that provide only substance use services shall be considered separately from psychiatric services in a CON application; inpatient hospital services that address co-occurring substance use/mental health needs shall be considered collectively with psychiatric services. Providers shall also take into account concerns of special populations (including, e.g., supervision of adolescents, specialized geriatric, and patients with comorbid medical conditions).

The composition of population served, mix of populations, and charity care are often affected by status of insurance, TennCare, Medicare, or TriCare; additionally, some facilities are eligible for Disproportionate Share Hospital payments based on the amount of charity care provided, while others are not. Such considerations may also result in a prescribed length of stay.

Parkridge West does not have a dedicated substance abuse unit. Parkridge West accepts patients with a dual diagnosis of mental health and substance abuse.

It appears that this criterion has been met.

7. Patient Age Categorization: Patients should generally be categorized as children (0-12), adolescents (13-17), adults (18-64), or geriatrics (65+). While an

adult inpatient psychiatric service can appropriately serve adults of any age, an applicant shall indicate if they plan to only serve a portion of the adult population so that the determination of need may be based on that age-limited population. Applicants shall be clear regarding the age range they intend to serve; given the small number of hospitals who serve younger children (12 and under), special consideration shall be given to applicants serving this age group. Applicants shall specify how patient care will be specialized in order to appropriately care for the chosen patient category.

Parkridge West will serve patients 18 years of age and over.

It appears that this criterion has been met.

8. Services to High-Need Populations: Special consideration shall be given to applicants providing services fulfilling the unique needs and requirements of certain high-need populations, including patients who are involuntarily committed, uninsured, or low-income.

The applicant will accept involuntary admissions. The applicant projects a payor mix of 26.2% TennCare in Year One. Charity care totals $106,936 in Year Two, equaling 22.50 patient days.

It appears that this criterion has been met.

9. Relationship to Existing Applicable Plans; Underserved Area and Populations: The proposal's relationships to underserved geographic areas and underserved population groups shall also be a significant consideration. The impact of the proposal on similar services in the community supported by state appropriations shall be assessed and considered; the applicant's proposal as to whether or not the facility takes voluntary and/or involuntary admissions, and whether the facility serves acute and/or long-term patients, shall also be assessed and considered. The degree of projected financial participation in the Medicare and TennCare programs shall be considered.

Relationship to Existing Similar Services in the Area: The proposal shall discuss what similar services are available in the service area and the trends in occupancy and utilization of those services. This discussion shall also include how the applicant's services may differ from existing services (e.g., specialized treatment of an age-limited group, acceptance of involuntary admissions, and differentiation by payor mix). Accessibility to specific special need groups shall also be discussed in the application.

The applicant will accept involuntary admissions. The applicant projects a payor mix of 26.2% TennCare in Year One. Charity care totals $106,936 in Year Two, equaling 22.50 patient days.

Grundy, Sequatchie, Marion, and portions of Bradley County are designated as a medically underserved area (MUA).

The applicant has provided adult psychiatric occupancy and utilization trends for the proposed 5 county service area.

It appears that this criterion has been met.

10. Expansion of Established Facility: Applicants seeking to add beds to an existing facility shall provide documentation detailing the sustainability of the existing facility. This documentation shall include financials, and utilization rates. A facility seeking approval for expansion should have maintained an occupancy rate for all licensed beds of at least 80 percent for the previous year. The HSDA may take into consideration evidence provided by the applicant supporting the need for the expansion or addition of services without the applicant meeting the 80 percent threshold. Additionally, the applicant shall provide evidence that the existing facility was built and operates, in terms of plans, service area, and populations served, in accordance with the original project proposal.

Parkridge West operated at 81% in 2015 and 87% YTD October 2016.

It appears that this criterion has been met.

11. Licensure and Quality Considerations: Any existing applicant for this CON service category shall be in compliance with the appropriate rules of the TDH and/or the TDMHSAS. The applicant shall also demonstrate its accreditation status with the Joint Commission, the Commission on Accreditation of Rehabilitation Facilities (CARF), or other applicable accrediting agency. Such compliance shall provide assurances that applicants are making appropriate accommodations for patients (e.g., for seclusion/restraint of patients who present management problems, and children who need quiet space). Applicants shall also make appropriate accommodations so that patients are separated by gender in regards to sleeping as well as bathing arrangements. Additionally, the applicant shall indicate how it would provide culturally competent services in the service area (e.g., for veterans, the Hispanic population, and LBGT population).

Parkridge West is accredited by the Joint Commission. Services are provided with cultural sensitivity to all patients.

It appears that this criterion has been met.

12. Institution for Mental Disease Classification: It shall also be taken into consideration whether the facility is or will be classified as an Institution for Mental Disease (IMD). The criteria and formula involve not just the total number of beds, but the average daily census (ADC) of the inpatient psychiatric beds in relation to the ADC of the facility. When a facility is classified as an IMD, the cost of patient care for Bureau of TennCare enrollees aged 21-64 will be reimbursed using 100 percent state funds, with no matching federal funds provided; consequently, this potential impact shall be addressed in any CON application for inpatient psychiatric beds.

Not applicable, the applicant is not classified as an IMD.

13. Continuum of Care: Free standing inpatient psychiatric facilities typically provide only basic acute medical care following admission. This practice has been reinforced by Tenn. Code Ann. § 33-4-104, which requires treatment at a hospital or by a physician for a physical disorder prior to admission if the disorder requires immediate medical care and the admitting facility cannot appropriately provide the medical care. It is essential, whether prior to admission or during admission, that a process be in place to provide for or to allow referral for appropriate and adequate medical care. However, it is not effective, appropriate, or efficient to provide the complete array of medical services in an inpatient psychiatric setting.

Parkridge West is located adjacent to a full-service Emergency Department. In addition, a hospitalist rounds daily through the Parkridge West Psychiatric unit.

It appears that this criterion has been met.

14. Data Usage: The TDH and the TDMHSAS data on the current supply and utilization of licensed and CON-approved psychiatric inpatient beds shall be the data sources employed hereunder, unless otherwise noted. The TDMHSAS and the TDH Division of Health Licensure and Regulation have data on the current number of licensed beds. The applicable TDH JAR provides data on the number of beds in operation. Applicants should utilize data from both sources in order to provide an accurate bed inventory.

The applicant used data from the TDH and TDMHSAS.

It appears that this criterion has been met.

15. Adequate Staffing: An applicant shall document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise, and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed Service Area. Each applicant shall outline planned staffing patterns including the number and type of physicians. Additionally, the applicant shall address what kinds of shifts are intended to be utilized (e.g., 8 hour, 12 hour, or Baylor plan). Each unit is required to be staffed with at least two direct patient care staff, one of which shall be a nurse, at all times. This staffing level is the minimum necessary to provide safe care. The applicant shall state how the proposed staffing plan will lead to quality care of the patient population served by the project.

However, when considering applications for expansions of existing facilities, the HSDA may determine whether the existing facility's staff would continue without significant change and thus would be sufficient to meet this standard without a demonstration of efforts to recruit new staff.

A staffing chart is provided on page 43 of the application. The project will require 5.5 additional FTEs.

It appears that this criterion has been met.

16. Community Linkage Plan: The applicant shall describe its participation, if any, in a community linkage plan, including its relationships with appropriate health care system providers/services and working agreements with other related community services assuring continuity of care (e.g., agreements between freestanding psychiatric facilities and acute care hospitals, linkages with providers of outpatient, intensive outpatient, and/or partial hospitalization services). If they are provided, letters from providers (e.g., physicians, mobile crisis teams, and/or managed care organizations) in support of an application shall detail specific instances of unmet need for psychiatric inpatient services. The applicant is encouraged to include primary prevention initiatives in the community linkage plan that would address risk factors leading to the increased likelihood of Inpatient Psychiatric Bed usage.

Parkridge West has a community linkage plan which links patients to the appropriate level of care upon discharge.

It appears that this criterion has been met.

17. Access: The applicant must demonstrate an ability and willingness to serve equally all of the patients related to the application of the service area in which it seeks certification. In addition to the factors set forth in HSDA Rule 0720-11-.01(1) (listing the factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is limited access in the proposed service area.

Grundy, Sequatchie, Marion, and portions of Bradley County are designated as a medically underserved area (MUA). The applicant will provide services to all individuals in the service area that qualifies for admission.

It appears that this criterion has been met.

18. Quality Control and Monitoring: The applicant shall identify and document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system. An applicant that owns or administers other psychiatric facilities shall provide information on their surveys and their quality improvement programs at those facilities, whether they are located in Tennessee or not.

Parkridge West has a quality improvement program that includes outcome and process monitoring systems. Surveys of HCA owned facilities are included in Attachment B, Need, 1, (18).

It appears that this criterion has been met.

19. Data Requirements: Applicants shall agree to provide the TDH, the TDMHSAS, and/or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested. As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

The applicant agrees to provide all reasonably requested information.

It appears that this criterion has been met.

STAFF SUMMARY

Note to Agency members: This staff summary is a synopsis of the original application and supplemental responses submitted by the applicant. Any HSDA Staff comments will be presented as a "Note to Agency members" in bold italic.

Hospital Corporation of American (HCA) acquired and began operating Parkridge West (formerly Grandview Medical Center Jasper) effective March 1, 2014. Through a reorganization of the campus, Parkridge West has reduced the services it offers, to focus on providing a full service emergency department, inpatient behavioral health, and select outpatient services. The applicant notes due to Parkridge West's location in rural Marion County, it provides accessibility advantages for persons living in rural areas west of Hamilton County.

As part of the applicant's 2017 Behavioral Health Growth Plan, intensive outpatient (IOP) and/or partial hospitalization (PHP) programs will be offered. Specific geriatric IOP and PHP is under review as a potential specialty program.

If approved, the applicant projects the proposed 8 adult psychiatric addition will open in June 2018.

Need

The applicant provides the following justification in the application:

- YTD October 2016 the occupancy rate on the applicant's 20 bed unit was 87%.
- The applicant reports as of YTD September 2016, 171 admissions have been denied solely to a lack of available beds.
- All of Parkridge West's psychiatric beds are semi-private, so gender and age compatibility issues make the actual availability of beds even lower than an 80+% occupancy rate might otherwise suggest.
- The additional 8 bed capacity will allow Parkridge West to accept TennCare enrollees. Currently, TennCare enrollees are referred to the applicant's sister facility Parkridge Valley Adult and Senior Services located in Chattanooga (Hamilton County).

Ownership

The ownership structure for the applicant is as follows:

- Parkridge West Hospital is a satellite hospital of Parkridge Medical Center and operates under its license.
- The corporate owner is Parkridge Medical Center, Inc. which is ultimately owned by HCA Holdings, Inc.
- Parkridge Medical Center, Inc. is a 621 licensed bed hospital system with five locations. Except for Parkridge West, the other facilities are in Chattanooga, Hamilton County. The facilities are as follows:
    - Parkridge Medical Center – 275 beds
    - Parkridge East Hospital – 128 beds
    - Parkridge Valley Adult and Senior Services-64 beds
    - Parkridge Valley Child and Adolescent Hospital-84 beds
    - Parkridge West Hospital-70 beds

- An Organizational chart is located in Attachment Section A-4. A (2).

Facility Information

- All licensed beds in the applicant's adult psychiatric unit will consist of semi-private beds.
- The proposed additional 8 adult psychiatric beds will be located in the existing 20 bed psychiatric unit in a freestanding building on the campus of Parkridge West Hospital.
- An expansion of 3,290 square feet will be constructed in the freestanding building to accommodate the additional 8 psych beds.
- Approximately 8,520 square feet of the existing facility will be renovated.
- A plot plan is located in Attachment Section A-6B-(2) that displays the location of the freestanding building on the campus of Parkridge West Hospital.

Service Area Demographics

Primary Service Area

Parkridge West's declared primary service area is Bradley, Grundy, Hamilton, Marion, and Sequatchie Counties.

- The total population of the primary service area is estimated at 519,595 residents in calendar year (CY) 2016 increasing by approximately 1.7% to 528,527 residents in CY 2018.
- The total 65+ age population is estimated at 90,931 residents in CY 2016 increasing approximately 6.8% to 97,143 residents in 2018.
- The total population of the state of Tennessee is expected to grow 2.2% during the same timeframe.
- The 65+ age population in the state of Tennessee overall is expected to increase 7.7% during the same timeframe.

- The latest 2016 percentage of the primary service area population enrolled in the TennCare program is approximately 21.4%, as compared to the statewide enrollment proportion of 22.7%.

Source: The University of Tennessee Center for Business and Economic Research Population Projection Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics.

Service Area Historical Utilization
Acute Care Utilization Trends, 2013-2015

The applicant plans to convert 8 of the hospital's existing 50 licensed general medical/surgical beds to adult psychiatric beds. The following chart illustrates the 2013-2015 occupancy and utilization of hospitals in the 5 county service area that reported licensed adult psychiatric beds.

2013-2015 Service Area Adult Psychiatric Bed Occupancy

Facility	County	Licensed Beds	Patient Days			Licensed Occupancy			% Change 2011-2013
			2013	2014	2015	2013	2014	2015	
Erlanger North	Hamilton	12	3,756	3,628	3,549	87.7%	83%	81%	-5.5%
Parkridge Valley Adult	Hamilton	48	9,687	10,242	10,373	55.2%	58%	59%	+7.1%
Parkridge Medical Center		0	*2,793 (11 beds)	N/A	N/A	69.6%	N/A	N/A	N/A
Parkridge West	Marion	20	4,329	4,185	5,914	59.3%	57%	81%	+36.6%
Moccasin Bend Mental Health Institute	Hamilton	150	47,908	49,875	49,580	87.5%	91%	91%	+3.5%
Skyridge Westside	Bradley	30	4,642	4107	3,105	42.3%	37%	28%	-33.1%
Total		**260**	**73,715**	**72,037**	**72,521**	**74.5%**	**75.9%**	**76.4%**	**-1.6%**

Source: *Joint Annual Report of Hospitals 2013-2015,* Division of Health Statistics, Tennessee Department of Health

**Parkridge Medical Center moved its Adult and Geriatric beds to a new campus in 2014.*

- The overall utilization of inpatient adult psychiatric services in the primary service area decreased 1.6% from 73,715 patient days in 2013 to 72,521 days in 2015.
- In 2015 the licensed occupancy of inpatient adult psychiatric bed services ranged from 28% at Skyridge Westside to 91% at Moccasin Bend Mental Health Institute.

Applicant Historical and Projected Utilization

The applicant's historical and projected utilization for the first two years after project completion is presented in the tables below:

Licensed Beds	2014 Patient Days (PDs)	2015 PDs	2016 PDs (YTD 10/31/16)	2014-2016 % chng.	2014% Occ.	2015% Occ.	2016% Occ
20	4,185	5,914	6,351	+51.7%	57%	81%	87%

Source: CN1611-039 Supplemental #1

Applicant Psychiatric Unit Projected Utilization

The applicant's projected utilization for the inpatient psychiatric unit is presented in the following table.

Year	Beds	Patient Days	ADC	% Occupancy
Year 1	28	8,222	22.5	80.5%
Year 2	28	8,515	23.3	83.3%

Source: Supplemental #1

ECONOMIC FEASIBILITY

Project Cost

Major costs are:

- Construction/Renovation Cost + Contingency- $1,821,120, or 69.4% of cost.
- Architectural and Engineering Fees- $132,200, or 6.0% of the total cost.
- For other details on Project Cost, see the Project Cost on page 29 in the original application.
- The renovated construction cost is $192.00 per square foot (/SF) and new construction is $280.00/SF. As reflected in the table below, the renovated and new construction cost is between the first quartile and the median of statewide hospital renovated and new construction projects from 2013 to 2015.

Statewide Hospital Construction Cost per Square Foot
2013-2015

	Renovated Construction	New Construction	Total Construction
1st Quartile	$160.66/sq. ft.	$244.85/sq. ft.	$196.62/sq. ft.
Median	$223.91/sq. ft.	$308.43/sq. ft.	$249.67/sq. ft.
3rd Quartile	$297.82/sq. ft.	$374.32/sq. ft.	$330.50/sq. ft.

Source: HSDA Applicant's Toolbox

Financing

A November 9, 2016 letter from C. Eric Lawson, TriStar Health's Chief Financial Officer, confirms TriStar Health has sufficient financial resources to fund Parkridge West Hospital's proposed project cost from cash reserves.

HCA Holdings Inc.'s audited financial statements for the period ending December 31, 2015 indicates $741,000,000 in cash and cash equivalents, total current assets of $6,232,000,000, total current liabilities of $5,516,000,000, and a current ratio of 1.67:1.

Note to Agency members: Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

Historical Data Chart

Project Only (20 Psych beds)

- According to the Historical Data Chart, Parkridge West Hospital 20 psychiatric bed unit reported positive net operating income less capital expenditures in the following three previous years: $228,838 for 2014; $363,325 for 2015; and $931,549 for 2016.
- Deductions from gross operating revenue increased from $15,563,864 in 2014 to $17,399,349 in 2016.
- Charity care represented $11,075 in 2014 increasing to $59,250 in 2016, a 435% increase.

Total Facility

- According to the Historical Data Chart, Parkridge West Hospital reported negative net operating income less capital expenditures in the following two of the three previous years: ($3,056,944) for 2014; ($2,291,146) for 2015; and $81,384 for 2016.
- Deductions from gross operating revenue declined 27.5% from $91,061,511 in 2014 to $66,040,877 in 2016.
- Charity care represented $776,585 in 2014 decreasing to $168,556 in 2016, a 360% decrease.

Projected Data Chart

Project Only (8 Psychiatric Beds)

The applicant projects $9,055,650.00 in total gross revenue on 1,825 days during the first year of operation and $10,758,112 on 2,008 days in Year Two

(approximately $5,358 per day) on 8 psychiatric beds. The Projected Data Chart reflects the following:

- Net operating income less capital expenditures for the applicant will equal $57,128 in Year One increasing to $137,382 in Year Two.
- Net operating revenue after contractual adjustments is expected to reach $1,263,761 or approximately 11.7% of total gross revenue in Year Two.
- Charity care totals $32,281 in Year Two, equaling 6 patient days.

Total Psychiatric Unit (28 Psych Beds)
The applicant projects $36,100,288.00 in total gross revenue on 8,222 days during the first year of operation and $40,465,809 on 8,515 days in Year Two (approximately $4,752 per day) on 28 psychiatric beds. The Projected Data Chart reflects the following:

- Net operating income less capital expenditures for the applicant will equal $1,158,619 in Year One increasing to $1,241,554 in Year Two.
- Net operating revenue after contractual adjustments is expected to reach $7,725,267 or approximately 19.1% of total gross revenue in Year Two.
- Charity care totals $106,936 in Year Two, equaling 22.50 patient days.

Charges
In Year One of the proposed project (8 beds), the average charges are as follows:

- The proposed average gross charge is $4,962/day in 2018.
- The average deduction is $4,340/day, producing an average net charge of $622/day.

Payor Mix
The applicant's projected payor mix in the first year of the project for the 28 bed unit is displayed in the following table:

Payor Source	Projected Gross Operating Revenue	% Total Revenue
Medicare/Medicare Managed Care	$16,678,333	46.2%
TennCare/Medicaid	$9,458,275	26.2%
Commercial/Other Managed Care	$5,451,143	15.1%
Self-Pay	$0	0%
Charity Care	$108,301	0.3%
Other	$505,404	1.4%
TOTAL	**$36,100,288**	**100.0%**

Source: CN11611-039

PROVIDE HEALTHCARE THAT MEETS APPROPRIATE QUALITY STANDARDS

Licensure

- Parkridge West Hospital is licensed by the Tennessee Department of Health.

Certification

- The applicant is currently certified by Medicare. Parkridge West has initiated the credentialing process that will allow it to accept TennCare patients.

Accreditation

- The applicant is accredited by The Joint Commission effective beginning May 17, 2014 valid up to 36 months.
- A copy of the most recent Joint Commission survey for Parkridge West Hospital is located at Attachment Section B, Orderly Development, 5B.
- Copies of HCA owned hospital's Joint Commission surveys are located in Attachment Section B, Need, 1, (18).

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE

Agreements

- The applicant states transfer agreements are not necessary. Any ancillary health care services required by Parkridge West are accessed from within the Parkridge Health System.

Impact on Existing Providers

- The applicant states the proposal will not have any negative impact on other providers. Most of the admissions being denied at Parkridge West are referred to its sister facility, Parkridge Valley Adult Services.

Staffing

The applicant's Year One proposed direct patient care staffing includes the following:

- 1.0 FTE Director
- 14.7 FTE Registered Nurses, and
- 10.5 Mental Health Techs, and
- 2.5 FTE Social Worker, and
- 1.5 FTE Recreation Therapist
- 30.2 FTE Total

The applicant has submitted the required information on corporate documentation and title and deeds. Staff will have a copy of these documents available for member reference at the meeting. Copies are also available for review at the Health Services and Development Agency's office.

Should the Agency vote to approve this project, the CON would expire in three years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:

There are no other Letters of Intent, denied or pending applications, or Outstanding Certificates of Need for this applicant.

HCA has financial interests in this project and the following:

Pending Applications

TriStar Maury Regional Behavioral Healthcare, CN1610-036, has a pending application that will be heard at the February 22, 2017 Agency meeting for the establishment of a 60 bed mental health hospital for adolescents and adult patients located on the east side of North Campbell Boulevard, in the southeast quadrant of its intersection with Old Williamsport Pike, Columbia (Maury County), Tennessee 38401. The bed distribution will be 42 adult psychiatric beds and 18 adolescent psychiatric beds. The estimated project cost is **$24,033,031.**

Skyline Medical Center, CN1612-041 has a pending application that will be heard at the April 26, 2017 Agency meeting for the transfer of 31 medical-surgical beds from TriStar Skyline's satellite campus located at 500 Hospital Drive, Madison (Davidson County), TN, into newly constructed space at its main campus at 3441 Dickerson Pike, Nashville (Davidson County). The applicant is owned by HCA Holdings, Inc. The service area consists of Davidson, Sumner, Robertson, and Montgomery Counties. The estimated project cost is **$30,038,000.**

Denied Applications:

TriStar Southern Hills Medical Center Emergency Room, CN1412-050D, was denied at the March 25, 2015 Agency meeting. The application was for the establishment of a satellite emergency department facility in a leased building to be constructed. The facility was to contain 8 treatment rooms for emergency services at an unaddressed site at the intersection of Old Hickory Boulevard and American Way, Brentwood (Davidson County), TN 37250. The estimated project cost was **$11,500,000.00.** *Reason for Denial: The application was denied based on inadequate proof of orderly development. This application is currently under appeal.*

Summit Medical Center, CN1206-029D, was denied at the September 26, 2012 Agency meeting. The application was for the establishment of a 20 bed acute inpatient rehab unit and service in its hospital facility by converting 20 adult psychiatric beds and reclassifying the adult psychiatric unit to an inpatient rehabilitation unit. The estimated project cost was **$2,500,000.00** *Reason for Denial: The need and orderly development aspects of the application failed to meet the statutory criteria.*

Outstanding Certificates of Need

TriStar Centennial Medical Center, CN1602-008A, has an outstanding Certificate of Need that will expire on July 1, 2019. The project was approved at the May 25, 2016 Agency meeting to acquire an additional 1.5 MRI unit at a cost in excess of $2 million. The project will also renovate existing space of the imaging department located on the 1st floor of the hospital inpatient tower. If approved, the proposed unit will be 1 of 4 MRI units operated under the hospital's license on the main hospital campus at 2300 Patterson Street, Nashville, TN 37203. **The estimated project cost is $3,128,317.** *Project Status Update: A 2/13/17 email from a representative of the applicant indicated that the MRI is installed and the first clinical patient was scanned on 1/5/17. Centennial is still working with contractors to complete the final punch lists and get their invoices. The final project report will be filed on or before 4/5/17.*

Centennial Medical Center, CN1407-032A, has an outstanding Certificate of Need that will expire on June 29, 2019. The project was approved at the October 22, 2014 Agency meeting for the renovation of the main emergency department, the development of a Joint Replacement Center of Excellence with 10 additional operating rooms; and the increase of the hospital's licensed bed complement from 657 to 686 beds. The estimated project cost was **$96,192,007.00.** *Project Status Update: This project is no longer under appeal and has the expiration date extended to June 29, 2019. An annual progress report dated 1/9/17 indicated that construction will begin in 2017.*

TriStar Horizon Medical Center, CN1510-047A, has an outstanding Certificate of Need that will expire on March 1, 2019. The application was approved at the January 26, 2016 Agency meeting for the initiation of neonatal intensive care (NICU) services in a 6-bed Level II neonatal nursery through renovation of existing space on the 2nd floor of Horizon Medical Center located at 111 Highway 70 East in Dickson, Tennessee. The estimated project cost **is $975,500**. *Project Status Update: An Annual Progress Report dated 2/13/17 indicated that complete construction documents for the NICU have been completed and 3 general contractor bids have been solicited. The applicant anticipated starting construction during the first quarter of 2017 and being fully operational by the end of 2017.*

Summit Medical Center, CN1508-031A, has an outstanding Certificate of Need that will expire on January 1, 2019. The project was approved at the November 18, 2015 Agency meeting for the establishment of a 8,864 SF satellite emergency department (ED) containing 8 examination and treatment rooms to be located at an unaddressed site in the southwest quadrant of intersection of I-40 and Beckwith Road (Exit 229), 100 yards west of Beckwith Road, Mt. Juliet (Wilson County), TN 37122. Located at interstate 40 Exit 229 approximately 9.9 miles east of TriStar Summit Medical Center's main emergency department, the proposed satellite ED will be a full-service, 24-hour, physician-staffed satellite facility operated as a department of Summit Medical Center with the same emergency medical physician coverage and full-time emergency diagnostic and treatment services as the main hospital. The estimated project cost is **$11,106,634**. *Project Status Update: The last Annual Progress Report was received on 11/18/2016. The report states that the construction on the facility has begun.*

Summit Medical Center, CN1505-020A, has an outstanding Certificate of Need that will expire on October 1, 2018. The project was approved at the August 26, 2015 Agency meeting for the renovation of existing patient floors to include the addition of 2 medical/surgical beds, the addition of 8 inpatient rehabilitation beds, and the de-licensure of 6 obstetric beds by converting 6 LDRP beds to LDR

beds; resulting in a net increase of 4 licensed beds. The total estimated project cost is **$4,892,904.** *Project Status Update: An annual progress report dated 11/18/2016 indicates the project was completed on 11/15/2016. A final project report is pending.*

Parkridge Medical Center, CN1503-007A, has an outstanding Certificate of Need that will expire on July 1, 2018. The project was approved at the June 24, 2015 Agency meeting for the renovation and expansion of several patient care and support department areas of the facility and the acquisition of an additional cardiac catheterization laboratory and bone densitometry unit on its main campus. The project will not change the 275 licensed bed complement of the hospital. The estimated project cost is **$61,459,477**. *Project Status Update: Per e-mail update submitted on 02/10/2017, the project is completing the first phase of completion. The laboratory buildout and relocation is scheduled to be completed on February 17. Work has also begun on phase two of the project, which is the addition of three bays and finish upgrades to the PACU. The project is scheduled to be completed by the end of 2017, early 2018.*

Southern Hills Surgery Center, CN1411-047A, has an outstanding Certificate of Need that will expire July 1, 2017. The project was approved at the May 27, 2015 Agency meeting for the relocation of Southern Hills Surgery Center from 360 Wallace Road, Nashville (Davidson County), TN 37211, to leased space in a building to be constructed at an unaddressed site in the northeast corner of the intersection of Old Hickory Boulevard and American Way, Brentwood (Davidson County), TN 37250. The estimated project cost is **$17,357,832.00.** *Project Status Update: The project was approved and has been appealed by Saint Thomas Campus Surgicare, L.P., Baptist Surgery Center, L.P., Baptist Plaza Surgicare, L.P., Franklin Endoscopy Center, LLC, and Physicians Pavilion, L.P. As of 02/08/2017, the project remains under appeal.*

Hendersonville Medical Center, CN1302-002A, has an outstanding Certificate of Need that will expire on January 1, 2018. The project was approved at the June 26, 2013 Agency meeting to construct a new fourth floor of medical surgical beds and initiate Level IIB Neonatal Intensive Care services in a new six (6) bed licensed Level IIB Neonatal Intensive Care Unit (NICU) on its campus at 355 New Shackle Island Road, Hendersonville (Sumner County) Tennessee, 37075. The proposed project will not change the total licensed bed complement. The hospital currently holds a single consolidated license for 148 general hospital beds, of which 110 are located at its main Hendersonville campus and 38 are located at its satellite campus at 105 Redbud Drive, Portland (Sumner County), TN 37148. The applicant will relocate 13 beds from the satellite campus to the main campus, resulting in 123 licensed beds at the Hendersonville campus and

25 licensed beds at the Portland satellite campus. The estimated cost of the project is **$32,255,000.00.** *Project Status Update: The project was granted an 18-month extension by the Agency at the May 25, 2016 meeting. An email status update by a representative of the applicant dated 2/13/17 indicated that the NICU portion of the project is operational. The renovations for bed transfers from Portland to Hendersonville are more than 50% complete and it is expected that final completion will be September 2017.*

Natchez Surgery Center, CN1002-011AME, has an outstanding Certificate of Need that will expire on July 1, 2017. It was approved at the May 26, 2010 Agency meeting for the establishment of an ambulatory surgical treatment center (ASTC) with three (3) operating rooms and three (3) procedure rooms. After approval, CN801-001A was surrendered which was a similar facility for this site at 107 Natchez Park Drive, Dickson (Dickson County), TN. The estimated cost of the project was **$13,073,892.00.** *Project Status: The ASTC will be constructed on the 2nd floor of a new building under construction that will also house the ED on the 1st floor of the building as approved in Horizon Medical Center Emergency Department, CN1202-008AE. Construction on the ASTC will begin once the ED is completed by August 1, 2015. The applicant requested a modification at the March 2012 Agency meeting to extend the expiration date for three (3) years from July 1, 2012 to July 1, 2015; reduce the number of operating rooms from three (3) to two (2) and procedure rooms from three (3) to one (1); reduce project costs by $4,201,823 from $13,073,892 to $8,872,069; and reduce square footage by 4,965 from 15,424 to 10,459 square feet. Both CN1202-008 and the modification to CN1002-011A were approved at the May 2012 meeting. The applicant's request for a 2 year extension of the expiration date to July 1, 2017 was approved at the June 24, 2015 Agency meeting. An annual Progress Report was filed on 2/13/17 which stated that the surgery center is being developed on the Natchez campus in the same building as the recently completed/opened free-standing emergency department. The shell for the surgery center has been completed and the project is in development to complete build-out construction, which is necessary to operationalize the surgery center. The Natchez campus is being developed in phases and the surgery center follows the freestanding ED, which opened in July 2015. The anticipated date of project completion is December 31, 2017. Since the CON is set to expire on 7/1/2017, the applicant was informed by email that a request for an extension would be advisable.*

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no Letters of Intent or denied or pending applications for similar service area entities proposing this type of service.

Outstanding Certificates of Need

Erlanger Behavioral Health, CN1603-012A, has an outstanding Certificate of Need that will expire on October 1, 2019. The CON was approved at the August 24, 2016 Agency meeting for the establishment of an 88 bed mental health hospital located at an unaddressed site at the intersection of North Holtzclaw Avenue and Citico Avenue, Chattanooga (Hamilton County), TN 37404. The estimated project cost is **$25,112,600.** *Project Status: The project was recently approved.*

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, HEALTH CARE THAT MEETS APPROPRIATE QUALITY STANDARDS, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PME (02/08/2017)

LETTER OF INTENT

LETTER OF INTENT
TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Chattanooga Times Free Press which is a newspaper of general circulation in Marion County, Tennessee, on or before November 10, 2016 for one day.

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This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that Parkridge West Hospital, owned and managed by Parkridge Medical Center, Inc. intends to file an application for a Certificate of Need for the conversion of eight (8) licensed medical surgical beds to eight (8) adult psychiatric beds. The beds will be used to provide acute inpatient psychiatric services to individuals aged eighteen (18) years of age and older. No services are being initiated or discontinued; Parkridge West currently operates 20 licensed adult psychiatric beds. Parkridge West Hospital is located at 1000 Highway 28, Jasper, Marion County, Tennessee, 37347. Parkridge West Hospital is licensed as a general hospital by the Tennessee Department of Health, Board for Licensing Health Care Facilities. The total estimated project cost is $2,184,808.

The anticipated date of filing the application is November 15, 2016.

The contact person for this project is Jerry W. Taylor, Attorney who may be reached at: Burr & Forman, LLP, 511 Union Street, Suite 2300, Nashville, Tennessee, 37219, 615-724-3247; jtaylor@burr.com

Signature _____ Date 11-10-16

The published Letter of Intent contains the following statement: Pursuant to T.C.A. § 68-11-1607(c)(1): (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

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*

COPY

Parkridge West Hospital

CN1611-039

State of Tennessee 28
Health Services and Development Agency
Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

CERTIFICATE OF NEED APPLICATION

SECTION A: APPLICANT PROFILE

1. *Name of Facility, Agency, or Institution*

Parkridge West Hospital
Name

1000 Highway 28 — Marion
Street or Route — County

Jasper — TN — 37347
City — State — Zip Code

Website address: http://parkridgewesthospital.com

*Note: The facility's name and address **must be** the name and address of the project and **must be** consistent with the Publication of Intent.*

2. *Contact Person Available for Responses to Questions*

Jerry W. Taylor — Attorney
Name — Title

Burr & Forman, LLP — jtaylor@burr.com
Company Name — Email address

511 Union Street, Suite 2300 — Nashville — TN — 37219
Street or Route — City — State — Zip Code

Attorney — 615-724-3247 — 615-724-3248
Association with Owner — Phone Number — Fax Number

NOTE: ***Section A*** is intended to give the applicant an opportunity to describe the project. ***Section B*** addresses how the project relates to the criteria for a Certificate of Need by addressing: Need, Economic Feasibility, Contribution to the Orderly Development of Health Care, and the Quality Measures.

Please answer all questions on ***8½" X 11" white paper, clearly typed and spaced, single or double-sided, in order and sequentially numbered. In answering, please type the question and the response.*** All questions must be answered. If an item does not apply, please indicate *"N/A" (not applicable).* ***Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment, i.e., Attachment***

A.1, A.2, etc. The last page of the application should be a completed signed and notarized affidavit.

3. SECTION A: EXECUTIVE SUMMARY

A. Overview

Please provide an overview not to exceed three pages in total explaining each numbered point.

1) Description – Address the establishment of a health care institution, initiation of health services, bed complement changes, and/or how this project relates to any other outstanding but unimplemented certificates of need held by the applicant;

The applicant proposed to convert 8 currently unstaffed medical-surgical (med-surg) beds to adult psychiatric beds. The 8 additional adult psych beds will be located in the existing 20 bed Medicare certified psychiatric distinct par unit (DPU) in a freestanding building on the campus of Parkridge West Hospital.

There is not sufficient space in the existing facility for the new beds, so a "bump out" expansion consisting of approximately 3290 square feet will be constructed. In addition, approximately 8,520 square feet of the existing facility will be renovated.

2) Ownership structure;

Parkridge West Hospital is a satellite hospital of Parkridge Medical Center, and operates under its license. The corporate owner is Parkridge Medical Center, Inc. which is ultimately owned through several subsidiaries by HCA Holdings, Inc. An organizational chart is attached as Attachment Section A-4,A(2).

3) Service area;

The primary service area (PSA) consists of 5 counties in Tennessee: Bradley, Grundy, Hamilton, Marion and Sequatchie. These counties accounted for 81% of the Tennessee admissions in 2015, and 52% of total admissions. The secondary service area (SSA) consists of 2 counties in Alabama: Jackson and DeKalb. These counties accounted for 25.4% of the admissions to Parkridge West in 2015. Combined, the PSA and SSA counties accounted for 78% of the admissions to Parkridge West in 2015.

4) Existing similar service providers;

Five hospitals operate a total of 260 adult psychiatric beds in the PSA. A table reflecting the utilization of the adult psych beds in the PSA is attached as Attachment Section B, Need, 1, (9). In 2015 the average occupancy rate for adult psych beds in the PSA was 76.4%.

An additional 36 adult and geriatric psych beds were approved in Hamilton County for Erlanger Behavioral Health by CN1603-012A. According to the CON application for that project, these beds will serve a much wider geographic area than the 5 county PSA and the 2 county SSA and therefore should not be a significant factor in the need for the requested 8 beds.

5) Project cost;

The total estimated project cost not including the filing fee is $2,169,808. The largest single expenditure is construction and renovation cost of $1,517,600. The renovation cost per square foot is $70, which is below the 1st Quartile of costs approved by the HSDA. The new construction cost per square foot is $280, which is between the 1st Quartiel and 2nd Quartile of approved costs. The total cost per square foot is $128, which his below the 1st Quartile of approved costs.

6) Funding;

Funding is available through the cash reserves of the parent company, HCA Holdings, Inc.

7) Financial Feasibility including when the proposal will realize a positive financial margin; and

As reflected in the Projected Data Charts, the project is profitable from the outset -- both for the 8 additional beds and for the 28 bed unit.

8) Staffing.

The additional beds will not require any additional psychiatrists to be added to the medical staff. Parkridge West has an employed psychiatrist as its Medical Director, and 2 other psychiatrists in Parkridge Health System who do or can rotate through the Parkridge West unit.

This project will require 5.5 additional FTE non-physician staffing. HCA and Parkridge Health System have an effective recruiting program, and should be able to fill these positions as needed.

B. Rationale for Approval

A certificate of need can only be granted when a project is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of adequate and effective health care in the service area. This section should provide rationale for each criterion using the data and information points provided in Section B. of this application. Please summarize in one page or less each of the criteria:

1) Need;

Parkridge West needs additional capacity to serve adult patients needing inpatient psychiatric care in the service area. Occupancy has been steadily rising since HCA acquired the facility in 1st Quarter 2014. YTD October 2016, the occupancy rate on the 20 bed unit is 87%. In 2015 occupancy was 81%. All of Parkridge West's psych beds are semi-private, so gender and age compatibility issues make the actual availability of beds even lower than an 80+% occupancy rate might otherwise suggest.

Many admissions have to be denied due lack of available beds at Parkridge West. YTD September 2016 171 admissions have been denied due solely to a lack of available beds.

Annualized, the number of such denials will be 228 in 2016. These denied admissions alone constitute 72% of the projected 315 Year 1 admissions.

The additional capacity will also allow Parkridge West to admit TennCare enrollees. Parkridge West is in network with all TennCare MCOs in the region. When HCA acquired the facility and began operating it effective March 1, 2014 the psychiatric distinct part unit (DPU) was not a credentialed TennCare provider. Because of this, and due to lack of capacity at Parkridge West, TennCare enrollees presenting to Parkridge West have been referred to its sister facility Parkridge Valley Adult and Senior Services. That facility has a large TennCare patient base.

The additional capacity sought in this application will allow Parkridge West to accept TennCare enrollees, and it will have the DPU credentialed by TennCare. Parkridge West is committed to being a TennCare provider and admitting TennCare enrollees in the future. In fact, 80% of the projected payer mix in Year 1 is TennCare.

2) Economic Feasibility;

The project is economically feasible. The cost of construction and renovation are reasonable, and the total cost per square foot of $128 is below the 1st Quartile of similar costs recently approved by the Agency. Funding is available through the cash reserves of the parent company, HCA Holdings, Inc. The project is profitable from the outset as reflected on the Projected Data Charts.

3) Appropriate Quality Standards; and

Parkridge West is licensed and monitored by the Tennessee Department of Health. Parkridge West is also accredited and monitored by the Joint Commission. It is in good standing with all licensing and accrediting agencies..

4) Orderly Development to adequate and effective health care.

Converting 8 currently unstaffed med-surg beds to highly utilized adult psych beds, rather than adding newly licensed beds to the area, is the most efficient and orderly development of health care resources.

The additional capacity will allow Parkridge West to serve patients who are currently being denied admission due to lack of an available bed. Through September of 2016, Parkridge West had to deny admission to 171 patients due to lack of a bed. Annualized, this will be 228 such denials in 2016. That is 72% of the projected admissions on to the new beds. The additional capacity will also allow the Parkridge West DPU to become a credentialed site by TennCare, and will allow TennCare enrollees to be served.

This project should not have a significant impact on existing providers. Most of the admissions being denied at Parkridge West are referred to its sister facility, Parkridge Valley.

Although an additional 36 adult and geriatric psych beds were approved in Hamilton County for Erlanger Behavioral Health by CN1603-012A, this project should not have a significant impact on the Erlanger Behavioral Health project. According to the CON application for that project, these beds will serve a much wider geographic area than the 5

county PSA and therefore should not be a significant factor in the need for the requested 8 beds.

C. Consent Calendar Justification

If Consent Calendar is requested, please provide the rationale for an expedited review. N/A.

A request for Consent Calendar must be in the form of a written communication to the Agency's Executive Director at the time the application is filed.

4. SECTION A: PROJECT DETAILS

A. *Owner of the Facility, Agency or Institution*

Parkridge Medical Center, Inc. — Name
423-698-6061 — Phone Number
One Park Plaza — Street or Route
Davidson — County
Nashville — City
TN — State
37203 — Zip Code

B. *Type of Ownership of Control (Check One)*

A.	Sole Proprietorship		F.	Government (State of TN or Political Subdivision)	
B.	Partnership		G.	Joint Venture	
C.	Limited Partnership		H.	Limited Liability Company	
D.	Corporation (For Profit)	X	I.	Other (Specify)_____	
E.	Corporation (Not-for-Profit)				

Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence. Please provide documentation of the active status of the entity from the Tennessee Secretary of State's web-site at https://tnbear.tn.gov/ECommerce/FilingSearch.aspx. **Attachment Section A-4A.**

Corporate organizational documentation is attached as Attachment Section A-4A(1).

Describe the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% ownership (direct or indirect) interest.

Parkridge West Hospital is a satellite hospital of Parkridge Medical Center, and operates under its license. The corporate owner is Parkridge Medical Center, Inc. which is ultimately owned through several subsidiaries by HCA Holdings, Inc. An organizational chart is attached as Attachment Section A-4A(2).

5. *Name of Management/Operating Entity (If Applicable)*

N/A
Name

Street or Route
County

City
State
Zip Code

Website address:

For new facilities or existing facilities without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract. **Attachment Section A-5.**

6A. ***Legal Interest in the Site of the Institution*** ***(Check One)***

A.	Ownership	X	D.	Option to Lease	
B.	Option to Purchase		E.	Other (Specify)	
C.	Lease of _____ Years				

Check appropriate line above: For applicants or applicant's parent company/owner that currently own the building/land for the project location, attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements must include anticipated purchase price. Lease/Option to Lease Agreements must include the actual/anticipated term of the agreement and actual/anticipated lease expense. The legal interests described herein must be valid **on the date of the Agency's consideration of the certificate of need application.**

A copy of the Deed is attached as Attachment Section A-6A.

6B. Attach a copy of the site's plot plan, floor plan, and if applicable, public transportation route to and from the site on an 8 1/2" x 11" sheet of white paper, single or double-sided. ***DO NOT SUBMIT BLUEPRINTS.*** **Simple line drawings should be submitted and need not be drawn to scale.**

1) **Plot Plan must include:**
   a. **Size of site (*in acres*);**
   b. **Location of structure on the site;**
   c. **Location of the proposed construction/renovation; and**
   d. **Names of streets, roads or highway that cross or border the site.**

A plot plan with the required information is attached as Attachment Section A-6B(1).

2) **Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. On an 8 ½ by 11 sheet of paper or as many as necessary to illustrate the floor plan.**

A floor plan with the required information is attached as Attachment Section A-6B(2).

3) **Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.**

Parkridge West Hospital is located at 1000 Hwy 28, a major thoroughfare. The hospital has

direct access and visibility from Interstate 24 35. Public transportation is not available in this community.

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7. Type of Institution ***(Check as appropriate--more than one response may apply)***

A.	Hospital (Specify)_____	X	H.	Nursing Home	
B.	Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty		I.	Outpatient Diagnostic Center	
C.	ASTC, Single Specialty		J.	Rehabilitation Facility	
D.	Home Health Agency		K.	Residential Hospice	
E.	Hospice		L.	Nonresidential Substitution-Based Treatment Center for Opiate Addiction	
F.	Mental Health Hospital				
G.	Intellectual Disability Institutional Habilitation Facility ICF/IID		M.	Other (Specify)_____	

Check appropriate lines(s).

8. Purpose of Review ***(Check appropriate lines(s) – more than one response may apply)***

A.	New Institution		F.	Change in Bed Complement [*Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution,* ***Conversion****, Relocation]*	X
B.	Modifying an ASTC with limitation still required per CON				
C.	Addition of MRI Unit		G.	Satellite Emergency Dept.	
D.	Pediatric MRI		H.	Change of Location	
E.	Initiation of Health Care Service as defined in T.C.A. §68-11-1607(4) (Specify)_____		I.	Other (Specify)_____	

9. Medicaid/TennCare, Medicare Participation

MCO Contracts [Check all that apply]

_X_AmeriGroup _X__United Healthcare Community Plan _X__BlueCare _X__TennCare Select

Medicare Provider Number 44S156 & 440156

Medicaid Provider Number 0440156

Certification Type Hospital

If a new facility, will certification be sought for Medicare and/or Medicaid/TennCare?

N/A. This is not a new facility.

Medicare __Yes __No _X_N/A Medicaid/TennCare __Yes __No _X_N/A

10. Bed Complement Data

A. Please indicate current and proposed distribution and certification of facility beds.

	Current Licensed	Beds Staffed	Beds Proposed	*Beds Approved	**Beds Exempted	TOTAL Beds at Completion
1) Medical	50	0	-8	0	0	42
2) Surgical (included in Medical)						
3) ICU/CCU						
4) Obstetrical						
5) NICU						
6) Pediatric						
7) Adult Psychiatric	20	20	+8	0	0	28
8) Geriatric Psychiatric						
9) Child/Adolescent Psychiatric						
10) Rehabilitation						
11) Adult Chemical Dependency						
12) Child/Adolescent Chemical Dependency						
13) Long-Term Care Hospital						
14) Swing Beds						
15) Nursing Home – SNF (Medicare only)						
16) Nursing Home – NF (Medicaid only)						
17) Nursing Home – SNF/NF (dually certified Medicare/Medicaid)						
18) Nursing Home – Licensed (non-certified)						
19) ICF/IID						
20) Residential Hospice						
TOTAL	70	20	Net 0	0	0	70

*Beds approved but not yet in service

**Beds exempted under 10% per 3 year provision

B. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the applicant facility's existing services. Attachment Section A-10.

HCA acquired and began operating Parkridge West effective March 1, 2014. Since that time, there has been strong and steady growth in utilization of the psychiatric inpatient beds. As of YTD 2016 the psych beds are occupied at an average rate of 87%. Parkridge West serves a significant number of patients from rural areas west of Hamilton County. The additional capacity will allow Parkridge West to better serve this population, and will improve access to care for this population.

Parkridge West is not currently staffing its 50 licensed medical-surgical beds. Converting 8 of the medical surgical beds to psychiatric better is a better and more efficient use of existing resources.

C. Please identify all the applicant's outstanding Certificate of Need projects that have a licensed bed change component. If applicable, complete chart below.

N/A.

11. Home Health Care Organizations – Home Health Agency, Hospice Agency (excluding Residential Hospice), identify the following by checking all that apply: N/A.

	Existing Licensed County	Parent Office County	Proposed Licensed County		Existing Licensed County	Parent Office County	Proposed Licensed County
Anderson	☐	☐	☐	Lauderdale	☐	☐	☐
Bedford	☐	☐	☐	Lawrence	☐	☐	☐
Benton	☐	☐	☐	Lewis	☐	☐	☐
Bledsoe	☐	☐	☐	Lincoln	☐	☐	☐
Blount	☐	☐	☐	Loudon	☐	☐	☐
Bradley	☐	☐	☐	McMinn	☐	☐	☐
Campbell	☐	☐	☐	McNairy	☐	☐	☐
Cannon	☐	☐	☐	Macon	☐	☐	☐
Carroll	☐	☐	☐	Madison	☐	☐	☐
Carter	☐	☐	☐	Marion	☐	☐	☐
Cheatham	☐	☐	☐	Marshall	☐	☐	☐
Chester	☐	☐	☐	Maury	☐	☐	☐
Claiborne	☐	☐	☐	Meigs	☐	☐	☐
Clay	☐	☐	☐	Monroe	☐	☐	☐
Cocke	☐	☐	☐	Montgomery	☐	☐	☐
Coffee	☐	☐	☐	Moore	☐	☐	☐
Crockett	☐	☐	☐	Morgan	☐	☐	☐
Cumberland	☐	☐	☐	Obion	☐	☐	☐
Davidson	☐	☐	☐	Overton	☐	☐	☐
Decatur	☐	☐	☐	Perry	☐	☐	☐
DeKalb	☐	☐	☐	Pickett	☐	☐	☐
Dickson	☐	☐	☐	Polk	☐	☐	☐
Dyer	☐	☐	☐	Putnam	☐	☐	☐
Fayette	☐	☐	☐	Rhea	☐	☐	☐
Fentress	☐	☐	☐	Roane	☐	☐	☐
Franklin	☐	☐	☐	Robertson	☐	☐	☐
Gibson	☐	☐	☐	Rutherford	☐	☐	☐
Giles	☐	☐	☐	Scott	☐	☐	☐
Grainger	☐	☐	☐	Sequatchie	☐	☐	☐
Greene	☐	☐	☐	Sevier	☐	☐	☐
Grundy	☐	☐	☐	Shelby	☐	☐	☐
Hamblen	☐	☐	☐	Smith	☐	☐	☐
Hamilton	☐	☐	☐	Stewart	☐	☐	☐
Hancock	☐	☐	☐	Sullivan	☐	☐	☐
Hardeman	☐	☐	☐	Sumner	☐	☐	☐
Hardin	☐	☐	☐	Tipton	☐	☐	☐
Hawkins	☐	☐	☐	Trousdale	☐	☐	☐
Haywood	☐	☐	☐	Unicoi	☐	☐	☐
Henderson	☐	☐	☐	Union	☐	☐	☐
Henry	☐	☐	☐	Van Buren	☐	☐	☐
Hickman	☐	☐	☐	Warren	☐	☐	☐
Houston	☐	☐	☐	Washington	☐	☐	☐
Humphreys	☐	☐	☐	Wayne	☐	☐	☐
Jackson	☐	☐	☐	Weakley	☐	☐	☐
Jefferson	☐	☐	☐	White	☐	☐	☐
Johnson	☐	☐	☐	Williamson	☐	☐	☐
Knox	☐	☐	☐	Wilson	☐	☐	☐
Lake	☐	☐	☐				

12. Square Footage and Cost Per Square Footage Chart

A completed chart is attached following this page.

12. Square Footage and Cost Per Square Footage Chart--Parkridge West Medical Center--Behavioral Health Unit

Unit/Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage		
					Renovated	New	Total
Behavioral Health	Treatment Ctr	8,520		Treatment Ctr	8,520	3,290	11,810
							0
							0
							0
							0
							0
							0
							0
							0
							0
							0
							0
							0
							0
							0
							0
							0
							0
							0
							0
Unit/Dept GSF Subtotal		8,520			8,520	3,290	11,810
Other GSF Subtotal							0
Total GSF		8,520			8,520	3,290	11,810
Total Cost*					$596,400.00	$921,200.00	$1,517,600.00
**Cost Per Square Foot					$70.00	$280.00	$128.50
Cost per Square Foot is Within Which Range? (For quartile ranges, please refer to the Applicant's Toolbox on www.tn.gov/hsda)					_X_ Below 1st Quartile	___ Below 1st Quartile	_X_ Below 1st Quartile
					___ Between 1st and 2nd Quartile	_X__ Between 1st and 2nd Quartile	___ Between 1st and 2nd Quartile
					___ Between 2nd and 3rd Quartile	___ Between 2nd and 3rd Quartile	___ Between 2nd and 3rd Quartile
					___ Above 3rd Quartile	___ Above 3rd Quartile	___ Above 3rd Quartile

* *The Total Construction Cost should equal the Construction Cost reported on line A5 of the Project Cost Chart.*

** *Cost per Square Foot is the construction cost divided by the square feet. Please do not include contingency costs.*

ARCHITECT SHOULD ENTER COST PSF ONLY FOR NEW AND RENOVATED COLUMNS; THE TOTAL COST PSF COLUMN CALCULATES AUTOMATICALLY.

13. MRI, PET, and/or Linear Accelerator 41

N/A.

1. **Describe the acquisition of any Magnetic Resonance Imaging (MRI) scanner that is adding a MRI scanner in counties with population less than 250,000 or initiation of pediatric MRI in counties with population greater than 250,000 and/or**
2. **Describe the acquisition of any Positron Emission Tomographer (PET) or Linear Accelerator if initiating the service by responding to the following:**

A. Complete the chart below for acquired equipment.

☐ Linear Accelerator	Mev _____ Types: ☐ SRS ☐ IMRT ☐ IGRT ☐ Other _____ Total Cost*: _____ ☐ By Purchase ☐ By Lease Expected Useful Life (yrs) ___ ☐ New ☐ Refurbished ☐ If not new, how old? (yrs) _____
☐ MRI	Tesla: ____ Magnet: ☐ Breast ☐ Extremity ☐ Open ☐ Short Bore ☐ Other _____ Total Cost*: _____ ☐ By Purchase ☐ By Lease Expected Useful Life (yrs) ___ ☐ New ☐ Refurbished ☐ If not new, how old? (yrs) _____
☐ PET	☐ PET only ☐ PET/CT ☐ PET/MRI Total Cost*: _____ ☐ By Purchase ☐ By Lease Expected Useful Life (yrs) ___ ☐ New ☐ Refurbished ☐ If not new, how old? (yrs) _____

* As defined by Agency Rule 0720-9-.01(13)

B. In the case of equipment purchase, include a quote and/or proposal from an equipment vendor. In the case of equipment lease, provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments along with the fair market value of the equipment.

C. Compare lease cost of the equipment to its fair market value. Note: Per Agency Rule, the higher cost must be identified in the project cost chart.

D. Schedule of Operations:

Location	Days of Operation *(Sunday through Saturday)*	Hours of Operation *(example: 8 am – 3 pm)*
Fixed Site *(Applicant)*		
Mobile Locations *(Applicant)*		
(Name of Other Location)		
(Name of Other Location)		

E. Identify the clinical applications to be provided that apply to the project. 42

F. If the equipment has been approved by the FDA within the last five years provide documentation of the same.

SECTION B: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with T.C.A. § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of health care." Further standards for guidance are provided in the State Health Plan developed pursuant to T.C.A. § 68-11-1625.

The following questions are listed according to the four criteria: (1) Need, (2) Economic Feasibility, (3) Applicable Quality Standards, and (4) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. *Please type each question and its response on an 8 1/2" x 11" white paper, single-sided or double sided.* All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer, unless specified otherwise. *If a question does not apply to your project, indicate "Not Applicable (NA)."*

QUESTIONS

NEED

1. **Provide a response to each criterion and standard in Certificate of Need Categories in the State Health Plan that are applicable to the proposed project. Criteria and standards can be obtained from the Tennessee Health Services and Development Agency or found on the Agency's website at http://www.tn.gov/hsda/article/hsda-criteria-and-standards.**

   Standards and Criteria for Psychiatric Inpatient Services

   1. Determination of Need: The population-based estimate of the total need for psychiatric inpatient services is a guideline of 30 beds per 100,000 general population, using population estimates prepared by the TDH and applying the applicable data in the Joint Annual Report (JAR). These estimates represent gross bed need and shall be adjusted by subtracting the existing applicable staffed beds including certified beds in outstanding CONs operating in the area as counted by the TDH in the JAR. For adult programs, the age group of 18-64 years shall be used in calculating the estimated total number of beds needed; additionally, if an applicant proposes a geriatric psychiatric unit, the age range 65+ shall be used. For child inpatients, the age group is 12 and under, and if the program is for adolescents, the age group of 13-17 shall be used. The HSDA may take into consideration data provided by the applicant justifying the need for additional beds that would exceed the guideline of 30 beds per 100,000 general population. Special consideration may be given to applicants seeking to serve child, adolescent, and geriatric inpatients. Applicants may demonstrate limited access to services for these specific age groups that supports exceeding the guideline of 30 beds per 100,000 general population. An applicant seeking to exceed this guideline shall utilize TDH and TDMHSAS data to justify this projected need and support the request by addressing the factors listed under the criteria "Additional Factors".

   The bed need calculations are reflected in the table attached as Attachment Section B, Need, 1, (1). Although there is a surplus of adult psych beds in the service area, several extenuating circumstances should be taken into account rather than considering the bed need calculations in a vacuum.

Almost all of the bed surplus is in Hamilton County. Although Hamilton County is the county of residence of a large portion of Parkridge West's psychiatric patient base, a large portion of those Hamilton County patients reside in western or southern Hamilton County. These patents are as close to or closer to Parkridge West than to the Hamilton County providers. In addition, many patients prefer the smaller and less intimidating environment offered by Parkridge West than the larger Hamilton County hospitals. The additional capacity will improve accessibility and offer enhanced patient choice.

Approximately 63% of the psychiatric admissions at Parkridge West from the PSA originated from counties other than Hamilton. Rural counties Grundy, Sequatchie, and Marion are all Medically Underserved Areas (MUA) and Parkridge West is an important and local access point for psychiatric inpatient care. Portions of Bradley County, which is the other county in the Tennessee PSA, are likewise designated as an MUA. Bradley County is somewhat an anomaly, in that it is located to the east of Hamilton County, and 30 psych patients admitted to Parkridge West in 2015 traveled through Hamilton County, "passing" the Hamilton County providers, to seek and receive care at Parkridge West.

The secondary service area consists of Jackson County and DeKalb County, Alabama. In 2015, Parkridge West admitted 174 patients from these two counties for psychiatric care. That constitutes 25% of total admissions at Parkridge West. The applicant understands there are no inpatient psychiatric beds in DeKalb or Jackson Counties. The additional capacity will improve accessibility and offer enhanced patient choice for these Alabama residents as well.

Included in the bed need calculations are all 150 licensed beds at Moccasin Bend Mental Health Institute. However, in August of 2009 Moccasin Bend "closed" 25 of those 150 beds. The applicant understands those beds have now been re-opened, but it is not known when that occurred.

2. Additional Factors: An applicant shall address the following factors:

a. The willingness of the applicant to accept emergency involuntary and non-emergency indefinite admissions;

Parkridge West will accept emergency involuntary admissions. The ALOS for Parkridge West was 9-10 days in 2015. If and to the extent "non-emergency indefinite admissions" means patients with stays significantly longer than 9-10 days, that population is not expected to be significant portion of the patient base.

b. The extent to which the applicant serves or proposes to serve the TennCare population and the indigent population;

Parkridge West is in network with all TennCare MCOs in the region. When HCA acquired the facility and began operating it effective March 1, 2014 the psychiatric distinct part unit (DPU) was not a credentialed TennCare provider. Because of this, and due to lack of capacity at Parkridge West, TennCare enrollees presenting to Parkridge West have been referred to its sister facility Parkridge Valley Adult and Senior Services. That facility has a large TennCare patient base.

The additional capacity sought in this application will allow Parkridge West to accept TennCare enrollees, and it will have the DPU credentialed by TennCare. Parkridge West is committed to being a TennCare provider and admitting TennCare enrollees in the future. In fact, 80% of the projected payer mix in Year 1 is TennCare.

c. The number of beds designated as "specialty" beds (including units established to treat patients with specific diagnoses);

The beds at Parkridge West will be designated as adult psychiatric beds. The beds will serve patients aged 18+.

d. The ability of the applicant to provide a continuum of care such as outpatient, intensive outpatient treatment (IOP), partial hospitalization, or refer to providers that do;

Parkridge West plans to implement IOP and/or partial hospitalization in 2017. A specific target date has not been set. Currently, patients needing these outpatient services are referred to Parkridge Valley, and/or other providers in the community.

e. Psychiatric units for patients with intellectual disabilities;

Whether the admission of an individual with intellectual disabilities is appropriate is determined on a case by case basis by the psychiatrist. The most important factors are whether or not the individual has the capacity and ability to meaningfully participate in therapies, and can manage his or her ADLs. If such an admission to Parkridge West is determined to be not appropriate, a transfer would be made to an appropriate provider, including but not limited to Moccasin Bend Mental Health Institute.

f. Free standing psychiatric facility transfer agreements with medical inpatient facilities;

Parkridge West is not a freestanding psychiatric facility; it is operated under the general hospital license of Parkridge Medical Center. Parkridge West is located adjacent to a full-service Emergency Department, and in addition, a hospitalist rounds daily through the Parkridge West psychiatric unit. However, in the event a transfer to a general hospital is necessary, such a transfer can be made to Parkridge Medical Center without the need for a transfer agreement.

g. The willingness of the provider to provide inpatient psychiatric services to all populations (including those requiring hospitalization on an involuntary basis, individuals with co-occurring substance use disorders, and patients with comorbid medical conditions); and

Parkridge West does and will accept involuntary admissions, and patients with dual diagnoses. Please see the response to (f) above regard to patients with medical co-morbidities.

h. The applicant shall detail how the treatment program and staffing patterns align with the treatment needs of the patients in accordance with the expected length of stay of the patient population.

Parkridge West is for short-stay acute patients diagnosed with a psychiatric condition. Staffing levels and patterns will be appropriate to meet the needs of the patient population..

i. Special consideration shall be given to an inpatient provider that has been specially contracted by the TDMHSAS to provide services to uninsured patients in a region that would have previously been served by a state operated mental health hospital that has closed.

Not applicable to this project.

j. Special consideration shall be given to a service area that does not have a crisis stabilization unit available as an alternative to inpatient psychiatric care.

Not applicable to this project; a crisis stabilization unit is available in Hamilton County..

3. Incidence and Prevalence: The applicant shall provide information on the rate of incidence and prevalence of mental illness and substance use within the proposed service area in comparison to the statewide rate. Data from the TDMHSAS or the Substance Abuse and Mental Health Services Administration (SAMHSA) shall be utilized to determine the rate. This comparison may be used by the HSDA staff in review of the application as verification of need in the proposed service area.

Attached as Attachment Section B, Need, 1, (3) is a bar graph from the TDMHSAS reflecting the relative incidence of mental illness among the nation, the State of Tennessee, and Region 3, which includes the PSA. The PSA has a much higher incidence of mental illness than the nation or state in 2010-2012, and a slightly higher incidence in 2010-2012.

4. Planning Horizon: The applicant shall predict the need for psychiatric inpatient beds for the proposed first two years of operation.

A two year planning horizon is used in this application.

5. Establishment of Service Area: The geographic service area shall be reasonable and based on an optimal balance between population density and service proximity of the applicant. The socio-demographics of the service area and the projected population to receive services shall be considered. The proposal's sensitivity and responsiveness to the special needs of the service area shall be considered, including accessibility to consumers, particularly women, racial and ethnic minorities, low income groups, other medically underserved populations, and those who need services involuntarily. The applicant may also include information on patient origination and geography and transportation lines that may inform the determination of need for additional services in the region.

The primary service area consists of Bradley, Grundy, Hamilton, Marion, and Sequatchie Counties. Residents of these counties accounted for 82% of Tennessee psychiatric admissions to Parkridge West in 2015. All of the population segments mentioned above will have access to services.

Rural counties Grundy, Sequatchie, and Marion are all Medically Underserved Areas (MUA) and Parkridge West is an important and local access point for psychiatric inpatient care. Portions of Bradley County, which is the other county in the PSA, are likewise designated as an MUA.

The secondary service area consists of Jackson County and DeKalb County, Alabama. In 2015, Parkridge West admitted 174 patients from these two counties for psychiatric care. That constitutes 25% of total admissions at Parkridge West. The applicant understands there are no inpatient psychiatric beds in these two counties. The additional capacity will improve accessibility and offer enhanced patient choice for these Alabama residents as well.

Applicants should be aware of the Bureau of TennCare's access requirement table, found under "Access to Behavioral Health Services" on pages 93-94 at http://www.tn.gov/assets/entities/tenncare/attachments/operationalprotocol.pdf.

Parkridge West is in compliance with the access time for admissions to Psychiatric Inpatient Hospital Services.

6. Composition of Services: Inpatient hospital services that provide only substance abuse services shall be considered separately from psychiatric services in a CON application; inpatient hospital services that address co-occurring substance use/mental health needs shall be considered collectively with psychiatric services. Providers shall also take into account concerns of special populations (including, e.g., supervision of adolescents, specialized geriatric, and patients with comorbid medical conditions). The composition of population served, mix of populations, and charity care are often affected by status of insurance, TennCare, Medicare, or TriCare; additionally, some facilities are eligible for Disproportionate Share Hospital payments based on the amount of charity care provided, while others are not. Such considerations may also result in a prescribed length of stay.

Parkridge West does not have a dedicated substance abuse unit or beds. Parkridge West does accept patients with a dual diagnosis of mental health and substance abuse.

Parkridge West does take into account concerns of geriatric patients in its treatment plans. Parkridge West does not accept adolescent patients.

Parkridge West does admit patients with medical co-morbidities. Parkridge West is located adjacent to a full-service Emergency Department, and in addition, a hospitalist rounds daily through the Parkridge West psychiatric unit. However, in the event the medical condition requires a transfer to a general hospital, such a transfer can be made to Parkridge Medical Center or another community provider.

7. Patient Age Categorization: Patients should generally be categorized as children (0-12), adolescents (13-17), adults (18-64), or geriatrics (65+). While an adult inpatient psychiatric service can appropriately serve adults of any age, an applicant shall indicate if they plan to only serve a portion of the adult population so that the determination of need may be based on that age-limited population. Applicants shall be clear regarding the age range they intend to serve; given the small number of hospitals who serve younger children (12 and under), special consideration shall be given to applicants serving this age group. Applicants shall specify how patient care will be specialized in order to appropriately care for the chosen patient category.

Parkridge West will serve patients 18 years of age and older. Children and adolescents will not be served.

9. Relationship to Existing Applicable Plans; Underserved Area and Populations: The proposal's relationships to underserved geographic areas and underserved population groups shall also be a significant consideration. The impact of the proposal on similar services in the community supported by state appropriations shall be assessed and considered; the applicant's proposal as to whether or not the facility takes voluntary and/or involuntary admissions, and whether the facility serves acute and/or long-term patients, shall also be assessed and considered. The degree of projected financial participation in the Medicare and TennCare programs shall be considered.

Rural counties Grundy, Sequatchie, and Marion are all Medically Underserved Areas (MUA) and Parkridge West is an important and local access point for psychiatric inpatient care. Portions of Bradley County, which is the other county in the PSA, are likewise designated as an MUA.

This project should have no negative impact on the state supported Moccasin Bend Mental Health Institute.

Parkridge West accepts both voluntary and involuntary admissions, and serves acute psychiatric patients. The ALOS for Parkridge West was 9-10 days in 2015 If and to the extent "long term patients" means patients with stays significantly longer than 9-10 days, that population is not expected to be significant portion of the patient base.

The projected Medicare and TennCare revenues in Year 1 for the 8 new beds are:

Medicare:	$102,164	9%
TennCare:	$908,120	80%

Relationship to Existing Similar Services in the Area: The proposal shall discuss what similar services are available in the service area and the trends in occupancy and utilization of those services. This discussion shall also include how the applicant's services may differ from existing services (e.g., specialized treatment of an age-limited group, acceptance of involuntary admissions, and differentiation by payor mix). Accessibility to specific special need groups shall also be discussed in the application.

A table reflecting the utilization of Adult psychiatric beds operating in the PSA is attached as Attachment Section B, Need, 1, (9).

10. Expansion of Established Facility: Applicants seeking to add beds to an existing facility shall provide documentation detailing the sustainability of the existing facility. This documentation shall include financials, and utilization rates. A facility seeking approval for expansion should have maintained an occupancy rate for all licensed beds of at least 80 percent for the previous year. The HSDA may take into consideration evidence provided by the applicant supporting the need for the expansion or addition of services without the applicant meeting the 80 percent threshold. Additionally, the applicant shall provide evidence that the existing facility was built and operates, in terms of plans, service area, and populations served, in accordance with the original project proposal.

Parkridge West has operated above 80% for the past two years it has owned the facility. The utilization rates are:

2016 YTD October:	87%
2015:	81%
2014:	57% (Acquired by HCA in March, 2014)

Parkridge West is financially stable. Financial information can be found in the Historical Data Chart in this application.

11. Licensure and Quality Considerations: Any existing applicant for this CON service category shall be in compliance with the appropriate rules of the TDH and/or the

TDMHSAS. The applicant shall also demonstrate its accreditation status with the Joint Commission, the Commission on Accreditation of Rehabilitation Facilities (CARF), or other applicable accrediting agency. Such compliance shall provide assurances that applicants are making appropriate accommodations for patients (e.g., for seclusion/restraint of patients who present management problems, and children who need quiet space). Applicants shall also make appropriate accommodations so that patients are separated by gender in regards to sleeping as well as bathing arrangements. Additionally, the applicant shall indicate how it would provide culturally competent services in the service area (e.g., for veterans, the Hispanic population, and LBGT population).

Parkridge West is accredited by the Joint Commission. Appropriate age and gender separations are and will be observed and have been taken into account in patient rooms, bathrooms, and activity and recreation areas. Seclusion rooms are provided. Services are provided with cultural sensitivity to all patients. Translation services will be available telephonically.

12. Institution for Mental Disease Classification: It shall also be taken into consideration whether the facility is or will be classified as an Institution for Mental Disease (IMD). The criteria and formula involve not just the total number of beds, but the average daily census (ADC) of the inpatient psychiatric beds in relation to the ADC of the facility. When a facility is classified as an IMD, the cost of patient care for Bureau of TennCare enrollees aged 21-64 will be reimbursed using 100 percent state funds, with no matching federal funds provided; consequently, this potential impact shall be addressed in any CON application for inpatient psychiatric beds.

Parkridge West is classified as an IMD. The projected TennCare revenue in Year 1 is $908,120. This should not have a significant impact on the TennCare budget.

13. Continuum of Care: Free standing inpatient psychiatric facilities typically provide only basic acute medical care following admission. This practice has been reinforced by Tenn. Code Ann. § 33-4-104, which requires treatment at a hospital or by a physician for a physical disorder prior to admission if the disorder requires immediate medical care and the admitting facility cannot appropriately provide the medical care. It is essential, whether prior to admission or during admission, that a process be in place to provide for or to allow referral for appropriate and adequate medical care. However, it is not effective, appropriate, or efficient to provide the complete array of medical services in an inpatient psychiatric setting.

Parkridge West does admit patients with medical co-morbidities. Parkridge West is located adjacent to a full-service Emergency Department, and in addition, a hospitalist rounds daily through the Parkridge West psychiatric unit. However, in the event the medical condition requires a transfer to a general hospital, such a transfer can be made to Parkridge Medical Center or another community provider.

14. Data Usage: The TDH and the TDMHSAS data on the current supply and utilization of licensed and CON-approved psychiatric inpatient beds shall be the data sources employed hereunder, unless otherwise noted. The TDMHSAS and the TDH Division of Health Licensure and Regulation have data on the current number of licensed beds. The applicable TDH JAR provides data on the number of beds in operation. Applicants should utilize data from both sources in order to provide an accurate bed inventory.

The sources for data utilized in this application were the TDH, the TDMHSAS, and the Joint Annual Reports.

15. Adequate Staffing: An applicant shall document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise, and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed Service Area. Each applicant shall outline planned staffing patterns including the number and type of physicians. Additionally, the applicant shall address what kinds of shifts are intended to be utilized (e.g., 8 hour, 12 hour, or Baylor plan). Each unit is required to be staffed with at least two direct patient care staff, one of which shall be a nurse, at all times. This staffing level is the minimum necessary to provide safe care. The applicant shall state how the proposed staffing plan will lead to quality care of the patient population served by the project.

However, when considering applications for expansions of existing facilities, the HSDA may determine whether the existing facility's staff would continue without significant change and thus would be sufficient to meet this standard without a demonstration of efforts to recruit new staff.

A staffing chart is provided in response to Question Section B, Economic Feasibility, 8. This project will require 5.5 additional FTE staffing. HCA and Parkridge Health System have an effective recruiting program.

16. Community Linkage Plan: The applicant shall describe its participation, if any, in a community linkage plan, including its relationships with appropriate health care system providers/services and working agreements with other related community services assuring continuity of care (e.g., agreements between freestanding psychiatric facilities and acute care hospitals, linkages with providers of outpatient, intensive outpatient, and/or partial hospitalization services). If they are provided, letters from providers (e.g., physicians, mobile crisis teams, and/or managed care organizations) in support of an application shall detail specific instances of unmet need for psychiatric inpatient services. The applicant is encouraged to include primary prevention initiatives in the community linkage plan that would address risk factors leading to the increased likelihood of Inpatient Psychiatric Bed usage.

Parkridge West is part of the Parkridge Health system which encompasses the 20 bed inpatient psychiatric facility located on the Parkridge West campus. Parkridge West works with local community providers to link patients to the appropriate level of care upon discharge. The community partnerships include Mountain Valley, the local mental health outpatient provider (who is currently not accepting new patients). It also works closely with Mountain Lakes in Scottsboro (Jackson County). They provide outpatient services, home visits and case management. Additional partnerships include emergency departments and the local crisis response team.

Parkridge West is involved in primary prevention initiatives through our speakers bureau comprised of the behavioral health leadership, therapists, nursing team and psychiatrists. All participants serve as speakers and presenters within the community to provide behavioral health education and prevention modalities.

17. Access: The applicant must demonstrate an ability and willingness to serve equally all of the patients related to the application of the service area in which it seeks certification. In addition to the factors set forth in HSDA Rule 0720-11-.01(1) (listing the factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is limited access in the proposed service area.

Parkridge West's services are equally available to all individuals in the service area who qualify for admission.

The primary service area consists of Bradley, Grundy, Hamilton, Marion, and Sequatchie Counties. Residents of these counties accounted for 82% of Tennessee psychiatric admissions to Parkridge West in 2015. All of the population segments mentioned above will have access to services.

Rural counties Grundy, Sequatchie, and Marion are all Medically Underserved Areas (MUA) and Parkridge West is an important and local access point for psychiatric inpatient care. Portions of Bradley County, which is the other county in the PSA, are likewise designated as an MUA.

18. Quality Control and Monitoring: The applicant shall identify and document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system. An applicant that owns or administers other psychiatric facilities shall provide information on their surveys and their quality improvement programs at those facilities, whether they are located in Tennessee or not.

HCA Behavioral Health hospitals and units in acute care hospitals, including Parkridge West all have robust and highly effective quality improvement programs that include outcome and process monitoring systems. All HCA behavioral health hospitals and distinct part units are Joint Commission-accredited.

Copies of Responsive documents are attached as Attachment Section B, Need, 1, (18). Copies of Responsive documents are attached as Attachment Section B, Need, 1, (18). These same documents were submitted with a different recent application, so please disregard the "Supplemental #2" and dates at the top of each page.

19. Data Requirements: Applicants shall agree to provide the TDH, the TDMHSAS, and/or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested. As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

The applicant so agrees.

[END OF RESPONSES TO STANDARDS AND CRITERIA IN STATE HEALTH PLAN]

2. **Describe the relationship of this project to the applicant facility's long-range development plans, if any, and how it relates to related previously approved projects of the applicant.**

3. **Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map for the Tennessee portion of the service area using the map on the following page, clearly marked to reflect the service area as it relates to meeting the requirements for CON criteria and standards that may apply to the project. Please include a discussion of the inclusion of counties in the border states, if applicable. Attachment Section B - Need-3.**

Please complete the following tables, if applicable:

PSA Counties	2015 Discharges County Residents	% of Tennessee Discharges	% of Total Discharges
Bradley	30	6.8%	4.4%
Grundy	28	6.4%	4.1%
Hamilton	161	36.6%	23.5%
Marion	87	19.8%	12.7%
Sequatchie	54	12.3%	7.9%
Sub-Total PSA	360	81.8%	52.6%
SSA Counties	**2015 Discharges County Residents**	**% of Tennessee Discharges**	**% of Total Discharges**
DeKalb, Ala.	44		6.4%
Jackson, Ala.	130		19%
Sub-Total SSA	174		25.4%
TOTAL PSA & SSA	**534**		**78%**

A map of the proposed PSA is attached as Attachment Section B, Need, 3.

4. **A. 1) Describe the demographics of the population to be served by the proposal.**

This description can best be ascertained by examining the data in the table attached as Attachment Section B, Need, 4A.

2) Using current and projected population data from the Department of Health, the most recent enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, complete the following table and include data for each county in your proposed service area.

Projected Population Data: http://www.tn.gov/health/article/statistics-population

TennCare Enrollment Data: http://www.tn.gov/tenncare/topic/enrollment-data

Census Bureau Fact Finder: http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml

The requested table reflecting population and demographics of the PSA is attached as Attachment Section B, Need, 4A. The data is based on a two year planning horizon, as directed by the applicable CON Standards and Criteria.

B. **Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.**

The median age of the PSA (41.1) is slightly higher than that of the state as a whole (38.3). Parkridge West accepts all admission eligible patients 18 years of age and older.

The median household income of the PSA ($39,898) is lower than that of the state as a whole ($44,621). The percentage of the population of the PSA below the poverty level (20.8%) is higher than that of the state as a whole(17.8%). Parkridge West serves all individuals regardless of socio-economic status, and will be a TennCare provider.

As reflected in data from the TDMHSAS, attached as Attachment Section B, Need, 1, (3) the PSA has a much higher incidence of mental illness than the nation or state in 2010-2012, and a slightly higher incidence in 2010-2012.

5. **Describe the existing and approved but unimplemented services of similar healthcare providers in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: Admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc. This doesn't apply to projects that are solely relocating a service.**

Five hospitals operate a total of 260 adult psychiatric beds in the PSA. A table reflecting the utilization of the adult psych beds in the PSA is attached as Attachment Section B, Need, 1 (9). In 2015 the average occupancy rate for adult psych beds in the PSA was 76.4%.

An additional 36 adult adult and geriatric psych beds were approved in Hamilton County by CN1603-012A. According to the CON application for that project, these beds will serve a much wider geographic area than the 5 county PSA and therefore should not be a significant factor in the need for the requested 8 beds.

6. **Provide applicable utilization and/or occupancy statistics for your institution for each of the past three years and the projected annual utilization for each of the two years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions.**

A table reflecting historical and projected utilization is provided below. Current 20 bed Psychiatric unit cannot run at capacity due to patient acuity and gender issues in a unit that has semi-private rooms. Year to date October 2016 occupancy is 87%. The first year utilization of the new beds of 315 admissions is based in part on denials of admissions due to lack of an available bed. YTD September 2016 there were 171 such denials, which is 228 denied

admissions annualized. Assuming Parkridge had the capacity to accept these admissions, that would constitute 72% of the projected 315 admissions.

PARKRIDGE WEST INPATIENT PSYCH BED UTILIZATION 2014-2016			
Year:	**2014**	**2015**	**2016 (YTD 10/31/16)**
Discharge 18-64	328	489	492
Days 18-64	3228	4969	4516
ALOS 18-64	9.84	10.16	9.18
Discharge 65+	85	79	60
Days 65+	957	945	815
ALOS 65+	11.26	11.96	13.58
Total Discharges	413	568	552
Total Days	4185	5914	5331
Occupancy Total Days	57.3%	81.0%	87.4%

PROJECTED UTILIZATION ON 8 NEW BEDS		
	Year 1	**Year 2**
Adm. 18+	315	386
ALOS 18+	5.8 Days	5.8 Days
Patient Days	1,825	2,008
Occupancy	62.5%	68.7%

1. **Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.**

   A completed Project Cost Chart is attached following this page.

   A. **All projects should have a project cost of at least $15,000 (the minimum CON Filing Fee). (See Application Instructions for Filing Fee).**

   B. **The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.**

   C. **The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.**

   D. **Complete the Square Footage Chart on page 8 and provide the documentation. Please note the Total Construction Cost reported on line 5 of the Project Cost Chart should equal the Total Construction Cost reported on the Square Footage Chart.**

   E. **For projects that include new construction, modification, and/or renovation—documentation must be provided from a licensed architect or construction professional that support the estimated construction costs. Provide a letter that includes the following:**

      1) **A general description of the project;**
      2) **An estimate of the cost to construct the project;**
      3) **A description of the status of the site's suitability for the proposed project; and**
      4) **Attesting the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the AIA Guidelines for Design and Construction of Hospital and Health Care Facilities in current use by the licensing authority.**

      A letter from the project architect is attached as Attachment Section B, Economic Feasibility, 1, E.

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PROJECT COST CHART

A.	Construction and equipment acquired by purchase:		
	1. Architectural and Engineering Fees		$ 132,200.00
	2. Legal, Administrative, Consultant Fees		$ 33,000.00
	3. Acquisition of Site		$ -
	4. Preparation of Site (included in A,5)		$ -
	5. Total Construction Costs		$ 1,517,600.00
	6. Contingency Fund		$ 303,520.00
	7. Fixed Equipment (Not included in Construction Contract)		$ -
	8. Moveable Equipment (List all equipment over $50,000.00)		$ 130,200.00
	9. Other (Specify) _____		
B.	Acquisition by gift donation, or lease:		
	1. Facility (Inclusive of building and land)		
	2. Building Only		
	3. Land Only		
	4. Equipment (Specify) _____		
	5. Other (Specify) _____		
C.	Financing Costs and Fees:		
	1. Interim Financing		$ 53,288.00
	2. Underwriting Costs		
	3. Reserve for One Year's Debt Service		
	4. Other (Specify) _____		
D.	Estimated Project Cost (A+B+C)		$ 2,169,808.00
E.	CON Filing Fee		$ 15,000.00
F.	Total Estimated Project Cost (D + E)	**TOTAL**	$ 2,184,808.00

2. **Identify the funding sources for this project.**

   Check the applicable item(s) below and briefly summarize how the project will be financed. ***(Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment Section B-Economic Feasibility-2.)***

   __ **A. Commercial loan – Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;**

   __ **B. Tax-exempt bonds – Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;**

   __ **C. General obligation bonds – Copy of resolution from issuing authority or minutes from the appropriate meeting;**

   __ **D. Grants – Notification of intent form for grant application or notice of grant award;**

   X **E. Cash Reserves – Appropriate documentation from Chief Financial Officer of the organization providing the funding for the project and audited financial statements of the organization; and/or**

   A funding letter is attached as Attachment Section B, Economic Feasibility, 2.

   __ **F. Other – Identify and document funding from all other sources.**

3. **Complete Historical Data Charts on the following two pages—*Do not modify the Charts provided or submit Chart substitutions!***

   Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available. Provide a Chart for the total facility and Chart just for the services being presented in the proposed project, if applicable. Only complete one chart if it suffices.

   Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

   A completed Historical Data Chart for the entire facility is attached following this page. Also attached is a Historical Data Chart for the "Project Only." This is not for the 8 beds being requested; it is for the entire DPU, but not including the ED or outpatient utilization.

HISTORICAL DATA CHART

X Total Facility (20 beds incl. ED & OP)
___ Project Only

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in January (Month)

		Year: 2016 *	Year: 2015	Year: 2014**
A.	Utilization/Occupancy Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	5,331 Dischg Days	6,247 Dischg Days	7587 Dischg Days
B.	Revenue from Services to Patients			
	1. Inpatient Services	22,502,459	27,837,462	38,588,113
	2. Outpatient Services	55,148,000	60,723,908	70,673,376
	3. Emergency Services (incl. in Outpatient)	-	-	-
	4. Other Operating Revenue	34,739	375,558	602,077
	Specify:			
	Gross Operating Revenue	77,685,198	88,936,928	109,863,566
C.	Deductions from Operating Revenue			
	1. Contract Deductions	64,419,928	66,371,173	77,716,206
	2. Provision for Charity Care	168,556	620,543	776,585
	3. Provision for Bad Debt	1,452,393	9,293,183	12,568,720
	Total Deductions	66,040,877	76,284,899	91,061,511
NET OPERATING REVENUE		11,644,321	12,652,029	18,802,055
D.	Operating Expenses			
	1. Salaries and Wages			
	a. Direct Patient Care	2,645,138	1,837,982	2,553,136
	b. Non-Patient Care	1,052,793	3,334,989	4,695,793
	2. Physicians' Salaries and Wages	-	-	-
	3. Supplies	637,392	1,208,172	2,401,337
	4. Rent			
	a. Paid to Affiliates			
	b. Paid to Non-Affiliates	229,574	363,357	745,351
	5. Management Fees:			
	a. Fees to Affiliates	769,197	1,018,669	666,823
	b. Fees to Non-Affiliates	-	-	-
	6. Other Operating Expenses	4,438,439	6,237,463	9,328,851
	Total Operating Expenses	9,772,533	14,000,632	20,391,291
E.	**Earnings Before Interest, Taxes, and Depreciation**	1,871,788	(1,348,603)	(1,589,236)
F.	Non-Operating Expenses			
	1. Taxes (Income & Property)	48,775	(1,220,558)	(1,047,322)
	2. Depreciation	1,189,547	1,350,455	1,627,698
	3. Interest	552,082	812,646	887,332
	4. Other Non-Operating Expenses			
	Total Non-Operating Expenses	1,790,404	942,543	1,467,708
NET INCOME (LOSS)		81,384	(2,291,146)	(3,056,944)
G.	Other Deductions			
	1. Annual Principal Debt Repayment			
	2. Annual Capital Expediture			
	Other Total Deductions	-	-	-
	NET BALANCE	81,384	(2,291,146)	(3,056,944)
	DEPRECIATION	1,189,547	1,350,455	1,627,698
	FREE CASH FLOW (Net Blance + Depreciation)	1,270,931	(940,691)	(1,429,246)

* Data for 1/1/16 through 10/31/16

** Data for 1/1/14 through 2/28/14 was provided by Capella for JAR completion. Parkridge purchased facility eff 3/1/14

HISTORICAL DATA CHART -- OTHER EXPENSES

X Total Facility (20 beds incl. ED & OP)
___ Project Only

OTHER EXPENSE CATEGORY	Year: 2016 *	Year: 2015	Year: 2014**
1. Professional Services Contracts	200,187	668,710	1,067,751
2. Contract Labor	233,581	269,713	118,259
3. Imagng Interpretation Fees	-	-	-
3. Employee Benefits	968,176	1,196,752	1,977,000
5. Contract Services	1,493,118	2,332,292	3,163,854
6. Repairs & Maintenance	596,017	755,023	998,761
7. Utilities	390,960	543,004	581,610
8. Insurance	194,388	163,694	281,240
9. Other	362,012	308,275	1,140,376
TOTAL OTHER EXPENSES	4,438,439	6,237,463	9,328,851

HISTORICAL DATA CHART

__ Total Facility
X Project Only (20 beds, no ED or OP)

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in January (Month)

		Year: 2016 *	Year: 2015	Year: 2014**
A.	Utilization/Occupancy Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	5,331 Dischg Days	6,247 Dischg Days	4,185 Dischg Days
B.	Revenue from Services to Patients			
	1. Inpatient Services	22,502,459	24,840,540	18,913,297
	2. Outpatient Services			-
	3. Emergency Services			-
	4. Other Operating Revenue	34,739		-
	Specify:			
	Gross Operating Revenue	22,537,198	24,840,540	18,913,297
C.	Deductions from Operating Revenue			
	1. Contract Deductions	17,267,632	19,389,449	15,453,115
	2. Provision for Charity Care	59,250	84,463	11,075
	3. Provision for Bad Debt	72,467	91,779	99,674
	Total Deductions	17,399,349	19,565,691	15,563,864
NET OPERATING REVENUE		5,137,849	5,274,849	3,349,433
D.	Operating Expenses			
	1. Salaries and Wages			
	a. Direct Patient Care	1,129,089	1,031,929	728,317
	b. Non-Patient Care	651,920	927,163	653,689
	2. Physicians' Salaries and Wages	-	-	-
	3. Supplies	297,326	365,807	436,008
	4. Rent			
	a. Paid to Affiliates			
	b. Paid to Non-Affiliates	59,047	184,759	202,863
	5. Management Fees:			
	a. Fees to Affiliates	308,271	316,491	91,133
	b. Fees to Non-Alffiliates			
	6. Other Operating Expenses	1,735,473	2,032,329	982,083
	Total Operating Expenses	4,181,126	4,858,478	3,094,093
E.	**Earnings Before Interest, Taxes, and Depreciation**	956,723	416,371	255,340
F.	Non-Operating Expenses			
	1. Taxes	25,174	53,046	26,502
	2. Depreciation			
	3. Interest			
	4. Other Non-Operating Expenses			
	Total Non-Operating Expenses	25,174	53,046	26,502
NET INCOME (LOSS)		931,549	363,325	228,838
G.	Other Deductions			
	1. Annual Principal Debt Repayment			
	2. Annual Capital Expediture			
	Other Total Deductions	-	-	-
	NET BALANCE	931,549	363,325	228,838
	DEPRECIATION	-	-	-
	FREE CASH FLOW (Net Blance + Depreciation)	931,549	363,325	228,838

* Data for 1/1/16 through 10/31/16

** Expense data is for 10 months 3/1/14-12/31/14. Purchased facility 3/1/14. Net Revenue data per JAR for full year

SUPPLEMENTAL #1

November 23, 2016

8:19 am

HISTORICAL DATA CHART -- OTHER EXPENSES

__ Total Facility
X Project Only (20 beds, no ED or OP)

OTHER EXPENSE CATEGORY	Year: 2016 *	Year: 2015	Year: 2014**
1. Professional Services Contracts	131,141	130,139	51,827
2. Contract Labor	109,337	107,666	15,080
3. Employee Benefits	494,623	493,814	306,884
4. Contract Services	471,799	731,786	306,111
5. Repairs & Maintenance	134,537	140,265	68,330
6. Utilities	213,965	249,661	103,920
7. Insurance	100,329	70,094	36,888
8. Other	79,742	108,904	93,043

4. **Complete Projected Data Charts on the following two pages – *Do not modify the Charts provided or submit Chart substitutions!***

   The Projected Data Chart requests information for the two years following the completion of the proposed services that apply to the project. Please complete two Projected Data Charts. One Projected Data Chart should reflect revenue and expense projections for the *Proposal Only* (*i.e.*, if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility). The second Chart should reflect information for the total facility. Only complete one chart if it suffices.

   Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

   Two Projected Data Charts -- one for the 8 beds only and one for the entire facility -- are attached following this page.

SUPPLEMENTAL #1

November 23, 2016

PROJECTED DATA CHART

___ Total Facility

X Project Only (8 new psych beds)

Give information for the last two (2) years for which complete data are available for the facility or agency. The fiscal year begins in January (Month)

		Year: 1	Year: 2
A.	Utilization/Occupancy Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	1825 pt days	2008 pt days
B.	Revenue from Services to Patients		
	1. Inpatient Services	$9,055,650	$10,758,112
	2. Outpatient Services		
	3. Emergency Services		
	4. Other Operating Revenue		
	Specify: _____		
	Gross Operating Revenue	$9,055,650	$10,758,112
C.	Deductions from Operating Revenue		
	1. Contract Deductions	$7,852,744	$9,422,194
	2. Provision for Charity Care	$26,930	$32,281
	3. Provision for Bad Debt	$40,826	$39,876
	Total Deductions	$7,920,500	$9,494,351
NET OPERATING REVENUE		$1,135,150	$1,263,761
D.	Operating Expenses		
	1. Salaries and Wages		
	a. Direct Patient Care	$475,696	$485,210
	b. Non-Patient Care	$0	$0
	2. Physicians' Salaries and Wages	$0	$0
	3. Supplies	$64,477	$71,782
	4. Rent	$0	$0
	a. Paid to Affiliates	$0	$0
	b. Paid to Non-Affiliates	$0	$0
	5. Management Fees:		
	a. Fees to Affiliates	$68,109	$75,826
	b. Fees to Non-Affiliates	$0	$0
	6. Other Operating Expenses	$334,410	$358,231
	Total Operating Expenses	$942,692	$991,049
E.	**Earnings Before Interest, Taxes, and Depreciation**	$192,458	$272,712
F.	Non-Operating Expenses		
	1. Taxes (Property)	$18,601	$18,601
	2. Depreciation	$116,729	$116,729
	3. Interest		
	4. Other Non-Operating Expenses		
	Total Non-Operating Expenses	$135,330	$135,330
NET INCOME (LOSS)		$57,128	$137,382
G.	Other Deductions		
	1. Estimated Annual Principal Debt Repayment	$0	$0
	2. Annual Capital Expediture	$0	$0
	Other Total Deductions	$0	$0
	NET BALANCE	$57,128	$137,382
	DEPRECIATION	$116,729	$116,729
	FREE CASH FLOW (Net Balance + Depreciation)	$173,857	$254,111

SUPPLEMENTAL #1
November 23, 2016
8:19 am

PROJECTED DATA CHART -- OTHER EXPENSES

___ Total Facility
X Project Only (8 new psych beds)

OTHER EXPENSE CATEGORY	Year: 1	Year: 2
1. Professional Services Contracts	120749	132824
2. Contract Labor	0	0
3. Benefits	110549	112760
4. Contract Services	59212	65693
5. Repairs & Maintenance	5000	5000
6. Utilities	24000	24480
7. Insurance	10800	10800
8. Other	4100	6674
TOTAL OTHER EXPENSES	$334,410.00	$358,231.00

SUPPLEMENTAL #1

November 23, 2016

8:19 am

PROJECTED DATA CHART

X Total Facility (Specify beds, no ED or OP)
Project Only

Give information for the last two (2) years for which complete data are available for the facility or agency. The fiscal year begins in January (Month)

		Year: 1	Year: 2
A.	Utilization/Occupancy Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	8,222 Pt. Days	8,515 Pt. days
	Dishcarges	962	1044
B.	Revenue from Services to Patients		
	1. Inpatient Services	$36,058,601	$40,423,288
	2. Outpatient Services		
	3. Emergency Services		
	4. Other Operating Revenue	$41,687	$42,521
	Specify:		
	Gross Operating Revenue	$36,100,288	$40,465,809
C.	Deductions from Operating Revenue		
	1. Contract Deductions	$28,573,902	$32,502,422
	2. Provision for Charity Care	$98,030	$106,936
	3. Provision for Bad Debt	$127,786	$131,184
	Total Deductions	$28,799,718	$32,740,542
NET OPERATING REVENUE		$7,300,570	$7,725,267
D.	Operating Expenses		
	1. Salaries and Wages		
	a. Direct Patient Care	$1,830,603	$1,864,505
	b. Non-Patient Care	$782,304	$796,385
	2. Physicians' Salaries and Wages	$0	$0
	3. Supplies	$421,268	$435,709
	4. Rent		
	a. Paid to Affiliates	$0	$0
	b. Paid to Non-Affiliates	$70,856	$71,565
	5. Management Fees:		
	a. Fees to Affiliates	$438,034	$463,516
	b. Fees to Non-Affiliates	$0	$0
	6. Other Operating Expenses	$2,416,977	$2,670,124
	Total Operating Expenses	$5,960,042	$6,301,804
E.	**Earnings Before Interest, Taxes, and Depreciation**	$1,340,528	$1,423,463
F.	Non-Operating Expenses		
	1. Taxes (Property)	$48,810	$48,810
	2. Depreciation	$133,099	$133,099
	3. Interest		
	4. Other Non-Operating Expenses		
	Total Non-Operating Expenses	$181,909	$181,909
NET INCOME (LOSS)		$1,158,619	$1,241,554
G.	Other Deductions		
	1. Estimated Annual Principal Debt Repayment	$0	$0
	2. Annual Capital Expediture	$0	$0
	Other Total Deductions	$0	$0
	NET BALANCE	$1,158,619	$1,241,554
	DEPRECIATION	$133,099	$133,099
	FREE CASH FLOW (Net Balance + Depreciation)	$1,291,718	$1,374,653

PROJECTED DATA CHART -- OTHER EXPENSES **X** **Total Facility (28 psych beds, no ED or OP) Project Only**

OTHER EXPENSE CATEGORY	Year: 1	Year: 2
1. Professional Services Contracts	278,118	$290,193
2. Contract Labor	131,204	$132,516
3. Employee Benefits	704,097	$718,179
4. Contract Services	625,371	$637,514
5. Repairs & Maintenance	166,444	$168,058
6. Utilities	280,758	$283,806
7. Insurance	131,195	$270,126
8. Other	99,790	$169,732
TOTAL OTHER EXPENSES	2,416,977	2,670,124

5. **A. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the proposed project. Please complete the following table.**

	Previous Year (from Project Only HDC)	Current Year (from Project Only HDC)	Year One (from Project Only PDC)	Year Two (from Project Only PDC)	% Change (Current Year to Year 2)
Gross Charge *(Gross Operating Revenue/Utilization Data)*	$3,97640 per discharge day	$4,227.70 per discharge day	$4,962 per patient day	$5,357 per patient day	26.7%
Deduction from Revenue *(Total Deductions/Utilization Data)*	$3,132.01 per discharge day	$3,263.81 per discharge day	$4,340 per patient day	$4,728.26 per patient day	44.9%
Average Net Charge *(Net Operating Revenue/Utilization Data)*	$844.38 per discharge day	$963.77 per discharge day	$622.00 per patient day	$629.36 per patient day	-34.7%

B. Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

The current and proposed charges are reflected above. Although the average gross charge increases significantly from current year to Year 1, that is more than off-set by the significant increase in deductions. The reason for this is the proposed charges are based on a high TennCare patient mix, whereas the current charges are mostly Medicare and commercial payers.

C. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

The most relevant comparison is to the recently approved Erlanger Behavioral Health project, CN1603-012A.

Erlanger Behavioral Health: $4,361 net revenue per admission (Year 1)

Parkridge West: $3,604 net revenue per admission (Year 1)

6. **A. Discuss how projected utilization rates will be sufficient to support the financial performance. Indicate when the project's financial breakeven is expected and**

demonstrate the availability of sufficient cash flow until financial viability is achieved. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment Section B-Economic Feasibility-6A. NOTE: Publicly held entities only need to reference their SEC filings.

As is reflected on the Historical Data Chart for the Total Facility, Parkridge West has improved its financial performance steadily since being acquired by HCA in 1st Q 2014, and is now operating profitably. Copies of the audited Financial Statements for HCA Holdings are attached as Attachment Section B, Economic Feasibility, 6, B.

B. Net Operating Margin Ratio – Demonstrates how much revenue is left over after all the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue).

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following table:

Year	2nd Year previous to Current Year	1st Year previous to Current Year	Current Year	Projected Year 1	Projected Year 2
Net Operating Margin Ratio	N/A (Data is not available, due to the acquisition of the hospital in 2014).	13.9%	18.6%	18.4%	18.4%

C. Capitalization Ratio (Long-term debt to capitalization) – Measures the proportion of debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: Long Term Debt/(Long Term Debt + Total Equity) x 100.

For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

The Capitalization Ratio is reflected below. Although the traditional Capitalization Ratio is negative, this does not accurately reflect the financial standing of HCA. This is because the 2006 merger and related transactions were accounted for as a "recapitalization" of HCA Inc. rather than a "sale", and therefore the Company's liabilities currently exceed its assets on its

books. A more accurate depiction of the Company's financial standing is the Value of Equity calculation, also reflected below.

HCA Capitalization Ratio:

Long Term Debt	31,225,000,000
Debt + Equity	(23,462,000,000)
	X 100
Traditional Capitalization Ratio	(133.09)

More accurate to use Fair Value of Equity (shares outstanding x market price)

Shares outstanding at 9/30/16	$	376,140,814
Closing Market price 9/30/16	$	75.63
Market Cap	$	28,447,529,763
Debt + Equity (using Market Cap)		59,672,529,763
Alternative Capitalization Ratio		0.52

7. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid and medically indigent patients will be served by the project. Additionally, report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below.

Applicant's Projected Payor Mix, Year 1 28 Beds:

Payor Source	Projected Gross Operating Revenue	As a % of total
Medicare/Medicare Managed Care	$16,678,333	46.2%
TennCare/Medicaid	$9,458,275	26.2%
Alabama Medicaid	$3,898,831	10.8%
Commercial/Other Managed Care	$5,451,143	15.1%
Self-Pay	$0	0%
Charity Care	$108,301	.3%
Other (Specify) Champus, HIX	$505,404	1.4%
Total	$36,100,288	100%

Applicant's Projected Payor Mix, Year 1 8 Beds:

Payor Source	Projected Gross Operating Revenue	As a % of total
Medicare/Medicare Managed Care	$1,131,956	12.5%
TennCare/Medicaid	$7,244,520	80%
Alabama Medicaid	$262,614	2.9%

Commercial/Other Managed Care	$371,282	4.1%
Self-Pay	$0	0%
Charity Care	$27,166	.3%
Other (Specify) Champus, HIX	$18,111	.2%
Total	$9,055,650	100%

8. Provide the projected staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTEs) positions for these positions. Additionally, please identify projected salary amounts by position classifications and compare the clinical staff salaries to prevailing wage patterns in the proposed service area as published by the Department of Labor & Workforce Development and/or other documented sources.

Position Classification	Existing FTEs 2016	Projected FTEs Year 1	Average Wage	Area Wide/State wide Average Wage
Direct Patient Care Positions				
Director	1.0	1.0	$37.34	$37.40
RN	12.6	14.7	$27.45	$27.00
Mental Health Tech	8.4	10.5	$11.55	$13.00
Social Worker	1.7	2.5	$26.51	$25.00
Recreation Therapist	1.0	1.5	$24.10	$18.00
Non-Patient Care Positions				
Unit Secretary	1.0	1.0	$13.31	$13.00
Position 2				
Position "etc."				
Total Non-Patient Care Positions				
Total Employees *(A+B)*	25.7	31.2		
Contractual Staff	0.0	0.0		
Total Staff *(A+B+C)*	25.7	31.2		

9. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

3. **A. Discuss the availability of and accessibility to human resources required by the proposal, including clinical leadership and adequate professional staff, as per the State of Tennessee licensing requirements and/or requirements of accrediting agencies, such as the Joint Commission and Commission on Accreditation of Rehabilitation Facilities.**

   The additional beds will not require any additional psychiatrists to be added to the medical staff. Parkridge West has an employed psychiatrist as its Medical Director, and __ psychiatrists in Parkridge Health System who do or can rotate through the Parkridge West unit.

   This project will require 5.5 additional FTE non-physician staffing. HCA and Parkridge Health System have an effective recruiting program, and should be able to fill these positions as needed.

   B. Verify that the applicant has reviewed and understands all licensing and/or certification as required by the State of Tennessee and/or accrediting agencies such as the Joint Commission for medical/clinical staff. These include, without limitation, regulations concerning clinical leadership, physician supervision, quality assurance policies and programs, utilization review policies and programs, record keeping, clinical staffing requirements, and staff education.

   The applicant so verifies.

   C. Discuss the applicant's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

   Parkridge Health System's behavioral health service line offers internships for students pursuing their education in social work, behavioral health, nursing and medicine at the bachelors level, masters level, mid-level practitioners and physicians. It also offers clinical rotations and a nurse residency program for nursing students and graduates interested in pursuing a career in behavioral health nursing and medicine. Additionally, Parkridge psychiatrists serve as preceptors for students pursuing their nurse practitioner license as well as residency opportunities for psychiatry students. These partnerships are with University of Tennessee at Chattanooga, Southern Adventist University, and Chattanooga State. Parkridge continues to explore additional institutional partnerships.

4. **Identify the type of licensure and certification requirements applicable and verify the applicant has reviewed and understands them. Discuss any additional requirements, if applicable. Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.**

   Licensure: Tennessee Department of Health

   Certification Type (e.g. Medicare SNF, Medicare LTAC, etc.): Medicare psychiatric Distinct Part Unit.

   Accreditation (i.e., Joint Commission, CARF, etc.): The Joint Commission.

   A. If an existing institution, describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility and accreditation designation.

   Copies of these are attached as Attachment Section B, Orderly Development, 5A.

B. For existing providers, please provide a copy of the most recent statement of deficiencies/plan of correction and document that all deficiencies/findings have been corrected by providing a letter from the appropriate agency.

Copies are attached as Attachment Section B, Orderly Development, 5B.

C. Document and explain inspections within the last three survey cycles which have resulted in any of the following state, federal, or accrediting body actions: suspension of admissions, civil monetary penalties, notice of 23-day or 90-day termination proceedings from Medicare/Medicaid/TennCare, revocation/denial of accreditation, or other similar actions.

None.

1) Discuss what measures the applicant has or will put in place to avoid similar findings in the future.

N/A.

5. Respond to all of the following and for such occurrences, identify, explain and provide documentation:

The applicant has made a good faith effort to respond to this question regarding the entities identified in Attachment Section A-4 A(2) to the best of its knowledge, information and belief. Due to the breadth of the question and a lack of definition of key terms, the applicant cannot represent these responses are totally comprehensive, but no responsive information is being intentionally withheld. Because there is no central repository for the information sought, and because of the length of time some of the entities have been in existence, the applicant's responses are limited to the past 5 years as a reasonable look-back period.

A. Has any of the following:

1) Any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant);

2) Any entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%; and/or

3) Any physician or other provider of health care, or administrator employed by any entity in which any person(s) or entity with more than 5% ownership in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%.

B. Been subjected to any of the following:
1) Final Order or Judgment in a state licensure action;

We assume for the purpose of this question that "state licensure action" refers to facility licensure. Parkridge Medical Center, Inc. has not been subjected to Final Order or Judgment in a state licensure action regarding any of its hospitals. The other entities in the chain of ownership do not hold a hospital license.

2) Criminal fines in cases involving a Federal or State health care offense;

No.

3) Civil monetary penalties in cases involving a Federal or State health care offense;

Parkridge Medical Center, Inc. has not been involved in civil litigation whereby a Civil Monetary Penalty was paid. We are not aware that any of the entities upstream from that entity as reflected in Attachment Section A-4 A(2) have been involved in civil litigation whereby a judgment or settlement was entered into resulting in the payment of a Civil Monetary Penalty.

4) Administrative monetary penalties in cases involving a Federal or State health care offense;

Parkridge Medical Center, Inc., has not been involved in civil litigation whereby an Administrative Monetary Penalty was paid. We are not aware that any of the entities upstream from this entity as reflected in Attachment Section A-4 A(2) have been involved in civil litigation whereby a judgment or settlement was entered into resulting in the payment of an Administrative Monetary Penalty.

.

5) Agreement to pay civil or administrative monetary penalties to the federal government or any state in cases involving claims related to the provision of health care items and services; and/or

Please see the response to (3) and (4) above.

6) Suspension or termination of participation in Medicare or Medicaid/TennCare programs.

No.

7) Is presently subject of/to an investigation, regulatory action, or party in any civil or criminal action of which you are aware.

Parkridge Medical Center, Inc. is a party in approximately 23 civil lawsuits, which is not unusual for a large health system.

Certain of the entities listed in Attachment Section A-4 A(2) may have been subject to an investigation, regulatory action or party to a civil action (broadly interpreting "civil action"). None of the entities in Attachment Section A-4 A(2) have been the subject of a criminal action.

8) Is presently subject to a corporate integrity agreement.

Parkridge Medical Center entered into a corporate integrity agreement (CIA) with the Office of the Inspector General (OIG) on September 14, 2012. Parkridge is in full compliance with the terms of the CIA.

6. **Outstanding Projects:**

A. Complete the following chart by entering information for each applicable outstanding CON by applicant or share common ownership; and

Parkridge Health system holds the following outstanding CON:

Outstanding Projects					
CON Number	Project Name	Date Approved	*Annual Progress Report(s) Due Date	*Annual Progress Report(s) Date Filed	Expiration Date
CN1503-007	Parkridge Medical Center	6-24-2015	6-24-2016	7-4-2016	8-1-2020

*** Annual Progress Reports – HSDA Rules require that an Annual Progress Report (APR) be submitted each year. The APR is due annually until the Final Project Report (FPR) is submitted (FPR is due within 90 ninety days of the completion and/or implementation of the project). Brief progress status updates are requested as needed. The project remains outstanding until the FPR is received.**

B. Provide a brief description of the current progress, and status of each applicable outstanding CON.

This is a large campus expansion and modernization project. It is on schedule, and should be completed within the period of validity of the CON. Annual Progress Reports will be submitted as they become due.

7. **Equipment Registry – For the applicant and all entities in common ownership with the applicant.**

   N/A. Parkridge West does not operate such equipment.

   A. **Do you own, lease, operate, and/or contract with a mobile vendor for a Computed Tomography scanner (CT), Linear Accelerator, Magnetic Resonance Imaging (MRI), and/or Positron Emission Tomographer (PET)? _____**

      No

   B. **If yes, have you submitted their registration to HSDA? If you have, what was the date of submission?_____**

      N/A

   C. **If yes, have you submitted your utilization to Health Services and Development Agency? If you have, what was the date of submission? _____**

      N/A

QUALITY MEASURES

Please verify that the applicant will report annually using forms prescribed by the Agency concerning continued need and appropriate quality measures as determined by the Agency pertaining to the certificate of need, if approved.

The applicant so verifies.

SECTION C: STATE HEALTH PLAN QUESTIONS

T.C.A. §68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at http://www.tn.gov/health/topic/health-planning). The State Health Plan guides the State in the development of health care programs and policies and in the allocation of health care resources in the State, including the Certificate of Need program. The 5 Principles for Achieving Better Health are from the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.

Discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan.

1. **The purpose of the State Health Plan is to improve the health of the people of Tennessee.**

   This appears to be a policy statement to which no response is necessary.

2. **People in Tennessee should have access to health care and the conditions to achieve optimal health.**

   This project will improve access to adult psychiatric beds in the eservice area.

3. **Health resources in Tennessee, including health care, should be developed to address the health of people in Tennessee while encouraging economic efficiencies.**

Converting 8 currently unstaffed med-surg beds to adult psych beds to provide needed additional capacity for adult psych beds at Parkridge West is the most efficient use of heath resources.

4. **People in Tennessee should have confidence that the quality of health care is continually monitored and standards are adhered to by providers.**

Parkridge West is licensed and monitored by the Tennessee Department of Health. Parkridge West is also accredited ad monitored by the Joint Commission. Parkridge Wet is in good standing with all relevant licensing and accrediting agencies.

5. **The state should support the development, recruitment, and retention of a sufficient and quality health workforce.**

The additional beds will not require any additional psychiatrists to be added to the medical staff. Parkridge West has an employed psychiatrist as its Medical Director, and 2 other psychiatrists in Parkridge Health System who do or can rotate through the Parkridge West unit.

This project will require 5.5 additional FTE non-physician staffing. HCA and Parkridge Health System have an effective recruiting program, and should be able to fill these positions as needed.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent.

A Publisher's Affidavit has been requested from the Chattanooga Times Free Press and will be submitted in a timely fashion.

NOTIFICATION REQUIREMENTS

(Applies only to Nonresidential Substitution-Based Treatment Centers for Opiate Addiction)

Note that T.C.A. §68-11-1607(c)(9)(A) states that "...Within ten (10) days of the filing of an application for a nonresidential substitution-based treatment center for opiate addiction with the agency, the applicant shall send a notice to the county mayor of the county in which the facility is proposed to be located, the state representative and senator representing the house district and senate district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution-based treatment center for opiate addiction has been filed with the agency by the applicant."

Failure to provide the notifications described above within the required statutory timeframe will result in the voiding of the CON application.

Please provide documentation of these notifications.

N/A.

DEVELOPMENT SCHEDULE

T.C.A. §68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. **Complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.**
2. **If the response to the preceding question indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph,**

please state below any request for an extended schedule and document the "good cause" for such an extension.

N/A. An extended period of validity is not requested.

PROJECT COMPLETION FORECAST CHART

Assuming the Certificate of Need (CON) approval becomes the final HSDA action on the date listed in Item 1. below, indicate the number of days from the HSDA decision date to each phase of the completion forecast.

Phase	Days Required	Anticipated Date [Month/Year]
1. Initial HSDA decision date		02/17
2. Architectural and engineering contract signed	14	03/17
3. Construction documents approved by the Tennessee Department of Health	120	06/17
4. Construction contract signed	120	06/17
5. Building permit secured	134	06/17
6. Site preparation completed	176	08/17
7. Building construction commenced	190	09/17
8. Construction 40% complete	310	01/18
9. Construction 80% complete	370	03/18
10. Construction 100% complete (approved for occupancy)	412	05/18
11. *Issuance of License	426	06/18
12. *Issuance of Service	426	06/18
13. Final Architectural Certification of Payment	440	06/18
14. Final Project Report Form submitted (Form HR0055)	454	06/18

***For projects that *DO NOT* involve construction or renovation, complete Items 11 & 12 only.**

NOTE: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date

List of Attachments

Parkridge West Hospital

Corporate organizational documentation	Attachment Section A-4A(1)
Ownership chart	Attachment Section A-4A(2)
Copy of the Deed	Attachment Section A-6A
Plot plan	Attachment Section A-6B(1)
Floor plan	Attachment Section A-6B(2)
Bed need calculations	Attachment Section B, Need, 1, (1)
TDMHSAS prevalence data	Attachment Section B, Need, 1, (3)
Adult psychiatric beds utilization in the PSA	Attachment Section B, Need, 1, (9)
HCA Behavioral Health surveys	Attachment Section B, Need, 1, (18)
Map of the proposed PSA	Attachment Section B, Need, 3
Demographics of Population	Attachment Section B, Need, 4A
Letter from the project architect	Attachment Section B, Economic Feasibility, 1, E
Funding letter	Attachment Section B, Economic Feasibility, 2
Audited Financial Statements	Attachment Section B, Economic Feasibility, 6, B
Current license/accreditation certification	Attachment Section B, Orderly Development, 5A
Survey & plan of correction	Attachment Section B, Orderly Development, 5B

List of Attachments

Parkridge West Hospital

Corporate organizational documentation	Attachment Section A-4A(1)
Ownership chart	Attachment Section A-4A(2)
Copy of the Deed	Attachment Section A-6A
Plot plan	Attachment Section A-6B(1)
Floor plan	Attachment Section A-6B(2)
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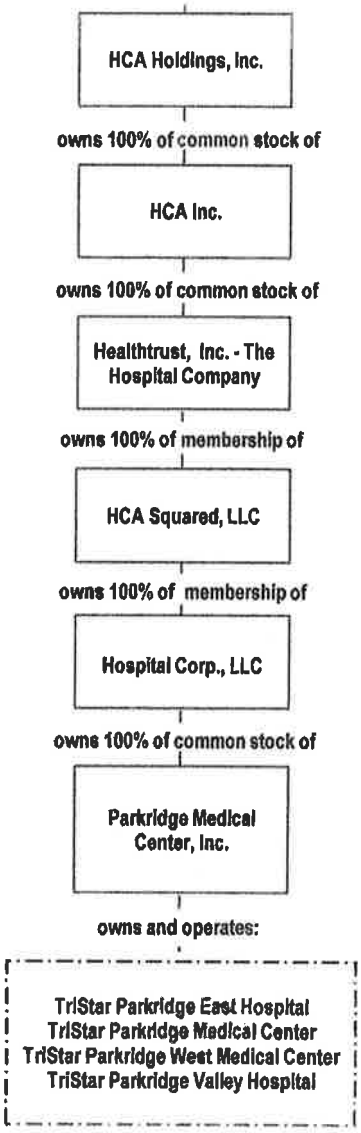
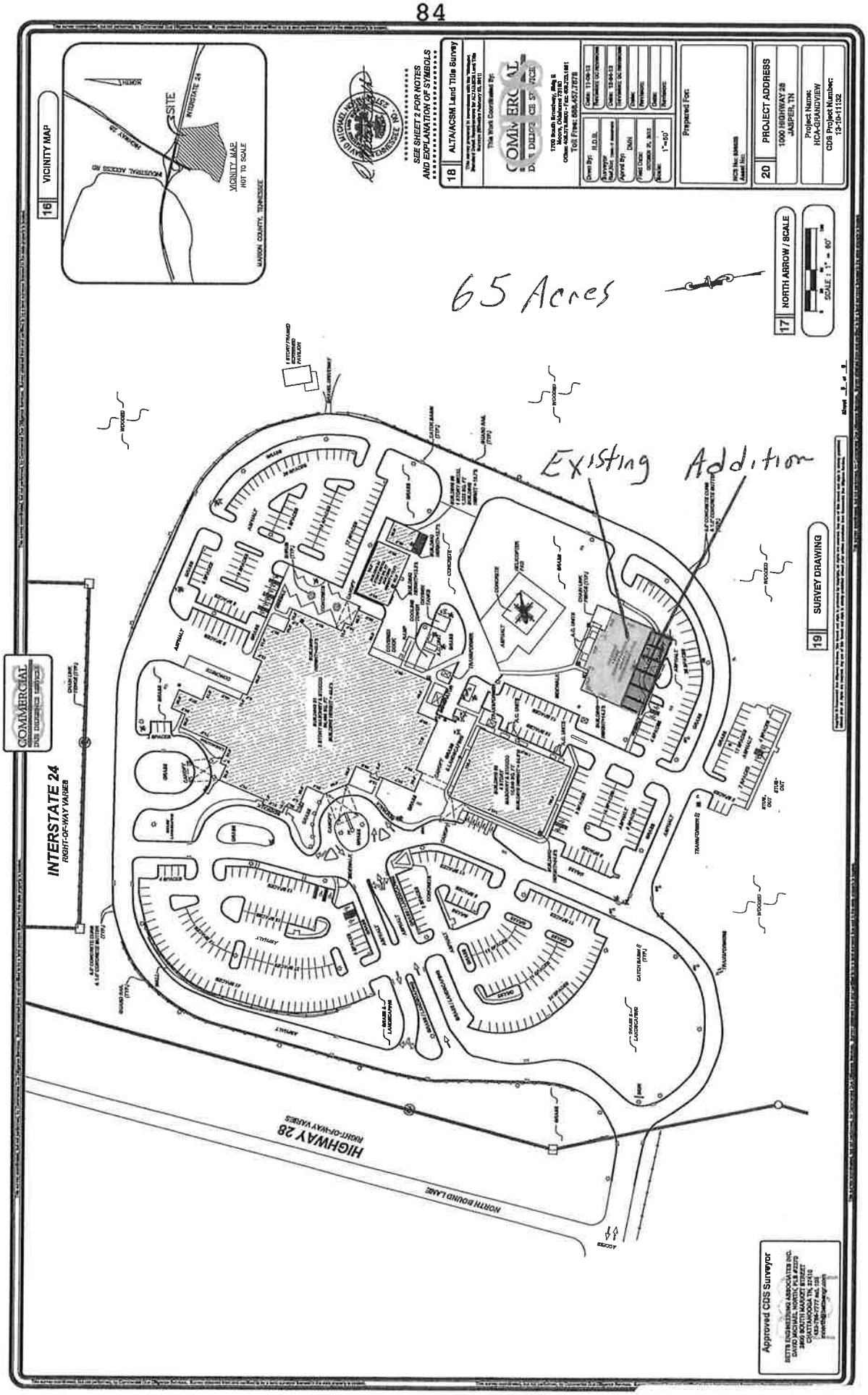
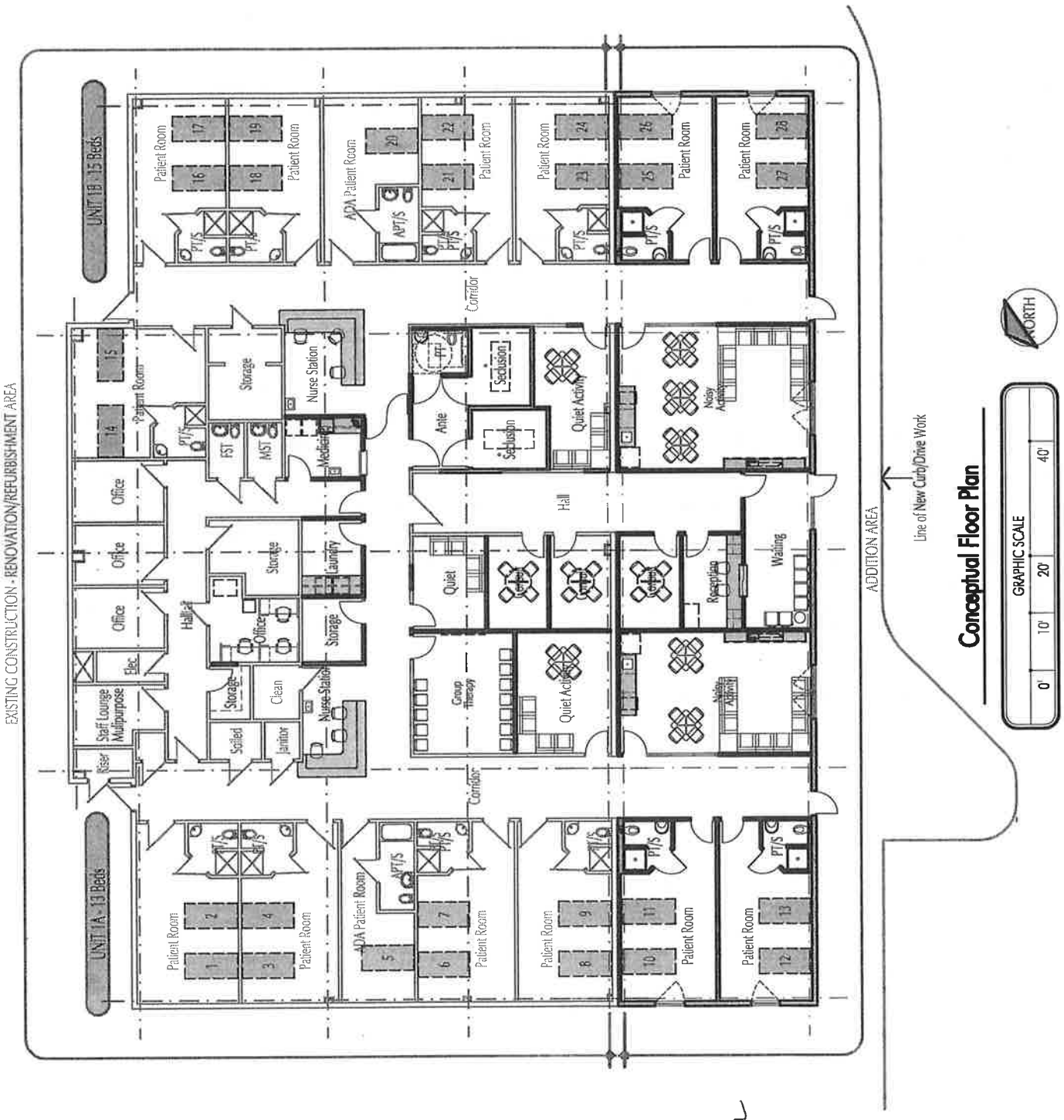

HCA Holdings, Inc.
owns 100% of common stock of
HCA Inc.
owns 100% of common stock of
Healthtrust, Inc. - The Hospital Company
owns 100% of membership of
HCA Squared, LLC
owns 100% of membership of
Hospital Corp., LLC
owns 100% of common stock of
Parkridge Medical Center, Inc.
owns and operates:
TriStar Parkridge East Hospital
TriStar Parkridge Medical Center
TriStar Parkridge West Medical Center
TriStar Parkridge Valley Hospital



Attachment Section A-6B-(1)



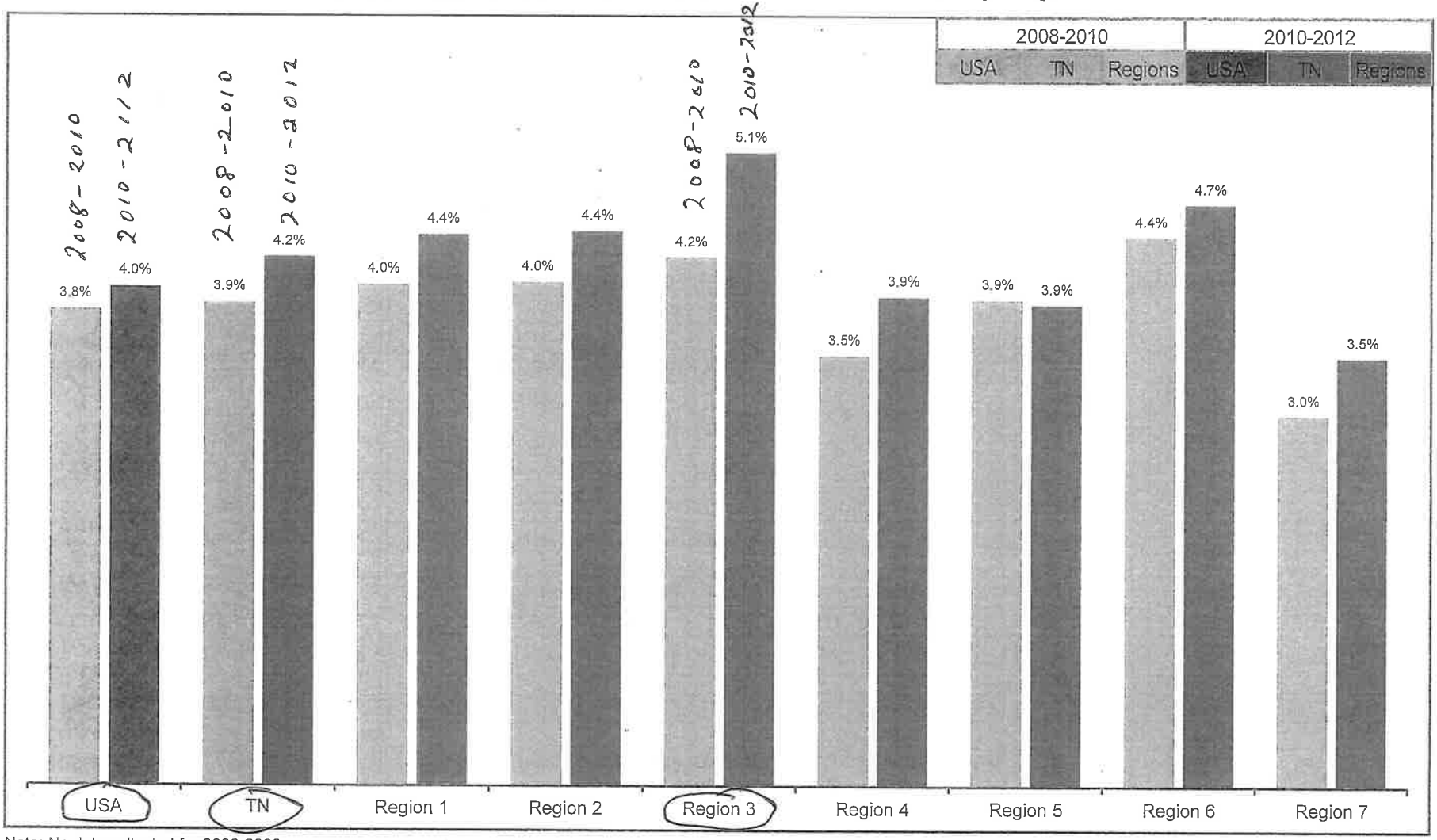
Existing

Addition

BED NEED CALCULATION 2016 & 2018 -- TENNESSEE PRIMARY SERVICE AREA						
Year: 2016						
County	2016 Population Ages 18-64	2016 Population Ages 65+	2016 Total Population Ages 18+	2016 Gross Bed Need Population Ages 18+	Existing Adult Psych Beds*	Net Adult Psych Bed Need
Bradley	64,055	17,879	81,934	24.6	30	-5.4
Grundy	7,567	3,021	10,588	3.2	0	3.2
Hamilton	217,501	61,073	278,574	83.6	266	-182.4
Marion	16,911	5,763	22,674	6.8	20	-13.2
Sequatchie	9,233	3,195	12,428	3.7	0	3.7
Totals	315,267	90,931	406,198	121.9	316	-194.1
Year: 2018						
County	2018 Population Ages 18-64	2018 Population Ages 65+	2018 Total Population Ages 18+	2018 Gross Bed Need Population Ages 18+	Existing Adult Psych Beds*	Net Adult Psych Bed Need
Bradley	64,835	19,073	83,908	25.2	30	-4.8
Grundy	7,432	3,163	10,595	3.2	0	3.2
Hamilton	218,256	65,201	283,457	85.0	266	-181.0
Marion	16,634	6,170	22,804	6.8	20	-13.2
Sequatchie	9,410	3,536	12,946	3.9	0	3.9
Totals	316,567	97,143	413,710	124.1	316	-191.9

* Source: 2015 Joint Annual Reports. Numbers include beds designated as geriatic. Hamilton County totals include 36 new adult/geri beds granted by CN1603-012A.

Percentage of adults with serious mental illness in the past year



Note: No data collected for 2006-2008.

Includes PSA

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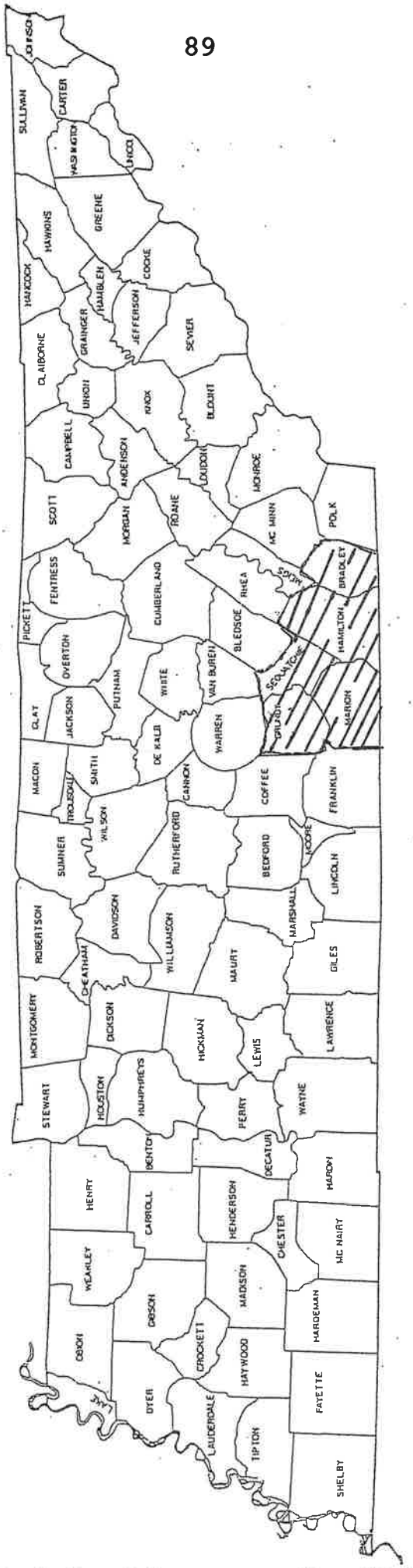
Attachment Section B, Need, 1, (3)

UTILIZATION OF EXISTING ADULT PSYCHIATRIC BEDS								
Year: 2015								
Facility	**County**	**Total Adult Psych Beds**	**Adult Admissions**	**ALOS**	**Days Age 18-64**	**Days Age 65+**	**Total Days**	**Occupancy on Total Adult Psych Beds**
Erlanger North	Hamilton	12	249	14.3	142	3,407	3,549	81%
Parkridge Valley Adult	Hamilton	48	1,602	6.5	7,879	2,494	10,373	59%
Parkridge West	Marion	20	568	10.4	4,969	945	5,914	81%
Moccasin Bend MHI	Hamilton	150	3,442	14.4	44,085	5,495	49,580	91%
Skyridge Westside	Bradley	30	751	4.1	3,027	78	3,105	28%
Totals		260	6,612	11	60,102	12,419	72,521	76.4%

Year: 2014								
Facility	**County**	**Total Adult Psych Beds**	**Adult Admissions**	**ALOS**	**Days Age 18-64**	**Days Age 65+**	**Total Days**	**Occupancy on Total Adult Psych Beds**
Erlanger North	Hamilton	12	262	13.8	188	3,440	3,628	83%
Parkridge Valley Adult	Hamilton	48	1,594	6.4	7,382	2,860	10,242	58%
Parkridge West	Marion	20	413	10.1	3,228	957	4,185	57%
Moccasin Bend MHI	Hamilton	150	2,999	16.6	43,417	6,458	49,875	91%
Skyridge Westside	Bradley	30	841	4.9	3,936	171	4,107	37%
Totals		260	6,109	11.8	58,151	13,886	72,037	75.9%



Attachment Section B, Need, 3

Demographic Variable/ Geographic Area	Department of Health/Health Statistics							Bureau of the Census				TennCare	
	Total Population- Current Year	Total Population- Projected Year	Total Population-% Change	*Target Population- Current Year	*Target Population- Project Year	*Target Population-% Change	Target Population Projected Year as % of Total	Median Age	Median Household Income	Person Below Poverty Level	Person Below Poverty Level as % of Total	TennCare Enrollees	TennCare Enrollees as % of Total
Bradley County	105,549	107,651	1.99%	81,934	83,908	2.41%	78%	39	$41,575	N/A*	19.8%	23,405	22.2%
Grundy County	13,470	13,379	-0.68%	10,588	10,595	0.07%	79%	42.7	$26,856	N/A*	29.1%	4,899	36.4%
Hamilton County	356,156	362,471	1.77%	278,574	283,457	1.75%	78%	39.4	47,880	N/A*	16.0%	71,146	20.0%
Marion County	28,585	28,627	0.15%	22,674	22,804	0.57%	80%	42.9	$40,998	N/A*	20.3%	7,503	26.2%
Sequatchie County	15,835	16,399	3.56%	12,428	12,946	4.17%	79%	41.7	$42,182	N/A*	18.6%	4,175	26.4%
Primary Service Area Total	519,595	528,527	1.72%	406,198	413,710	1.85%	78%	41.1 (avg.)	$39,,898 (avg.)	N/A*	20.8%(avg.)	111,128	21.4%
State of TN Total	6,812,005	6,962,031	2.20%	5,241,318	5,368,064	2.42%	77%	38.3	$44,621	N/A*	17.8%	1,544,940	22.7%

* The Census Bureau website doe not reflect toal population under Poverty Level. It only provides the % of total for the year 2014.

Melanie M. Hill
Executive Director
Tennessee Health Services and Development Agency
500 Deaderick Street, 9th Floor
Nashville, TN 37243

RE: Behavioral Health Program Expansion
Parkridge West Medical Center Behavioral Health Unit
Jasper, Tennessee

27 September 2016

Ms. Hill,

Per our recent conversation with John Wellborn, an attorney working with Parkridge West Medical Center Behavioral Health Unit on the Certificate of Need submission, we have prepared the following supporting documentation for your review.

I have reviewed the construction cost estimate provided by Parkridge West Medical Center Behavioral Health Unit in the CON Submission. Based on my experience and knowledge of the current healthcare market, it is my opinion that the projected cost of $1,517,600 appears to be reasonable for a project of this type and size. In my opinion, the project site is also suitable for construction of the proposed project.

The physical project will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements, including the AIA Guidelines for Design and Construction of Hospital and Health Care Facilities in current use in this State. The standards include the following:

- → Guidelines for the Design and Construction of Health Care Facilities
- → Rules of the Tennessee Department of Health Board for Licensing Health Care Facilities
- → International Building Code
- → National Electrical Code
- → National Fire Protection Association (NFPA)
- → Americans with Disabilities Act (ADA)

If you have any questions or comments regarding this information, please do not hesitate to contact our office at your convenience.

Thank you.

Bradford P. Stengel, AIA
Architect
Tennessee Professional Architect License #00102523

TriStar Health

TriStarHealth.com

110 Winners Circle, First Floor
Brentwood, TN 37027
(615) 886-4900

November 9, 2016

Melanie M. Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson State Office Building, 9th floor
500 Deaderick Street
Nashville, TN 37243

RE: CON Application for Parkridge West Hospital

Dear Mrs. Hill:

Parkridge West Hospital is applying for a Certificate of Need to reclassify 8 medical beds to expand patient care capacity for the adult behavioral health unit located in Jasper, Tennessee.

As Chief Financial Officer of the TriStar Health System, the HCA Division office to which this facility belongs, I am writing to confirm that our parent company, HCA Holdings, Inc. will provide through TriStar the approximately $2,184,808 required to implement this project. HCA Inc.'s financial statements are provided in the CON application.

Sincerely,

C. Eric Lawson
Chief Financial Officer
TriStar Division of HCA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
HCA Holdings, Inc.

We have audited the accompanying consolidated balance sheets of HCA Holdings, Inc. as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, stockholders' deficit, and cash flows for each of the three years in the period ended December 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of HCA Holdings, Inc. at December 31, 2015 and 2014, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 1 to the consolidated financial statements, the Company changed its presentation of debt issuance costs as a result of the adoption of FASB Accounting Standards Update 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, and the Company changed the classification of all deferred tax assets and liabilities to noncurrent on the December 31, 2015 consolidated balance sheet as a result of the adoption of FASB Accounting Standards Update 2015-17, *Balance Sheet Classification of Deferred Taxes*.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), HCA Holdings, Inc.'s internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 26, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Nashville, Tennessee
February 26, 2016

HCA HOLDINGS, INC.
CONSOLIDATED INCOME STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(Dollars in millions, except per share amounts)

	2015	2014	2013
Revenues before the provision for doubtful accounts	$ 43,591	$ 40,087	$ 38,040
Provision for doubtful accounts	3,913	3,169	3,858
Revenues	39,678	36,918	34,182
Salaries and benefits	18,115	16,641	15,646
Supplies	6,638	6,262	5,970
Other operating expenses	7,103	6,755	6,237
Electronic health record incentive income	(47)	(125)	(216)
Equity in earnings of affiliates	(46)	(43)	(29)
Depreciation and amortization	1,904	1,820	1,753
Interest expense	1,665	1,743	1,848
Losses (gains) on sales of facilities	5	(29)	10
Losses on retirement of debt	135	335	17
Legal claim costs	249	78	—
	35,721	33,437	31,236
Income before income taxes	3,957	3,481	2,946
Provision for income taxes	1,261	1,108	950
Net income	2,696	2,373	1,996
Net income attributable to noncontrolling interests	567	498	440
Net income attributable to HCA Holdings, Inc.	$ 2,129	$ 1,875	$ 1,556
Per share data:			
Basic earnings per share	$ 5.14	$ 4.30	$ 3.50
Diluted earnings per share	$ 4.99	$ 4.16	$ 3.37
Shares used in earnings per share calculations (in millions):			
Basic	414.193	435.668	445.066
Diluted	426.721	450.352	461.913

The accompanying notes are an integral part of the consolidated financial statements.

HCA HOLDINGS, INC.
CONSOLIDATED COMPREHENSIVE INCOME STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(Dollars in millions)

	2015	2014	2013
Net income	$2,696	$2,373	$1,996
Other comprehensive income (loss) before taxes:			
Foreign currency translation	(63)	(74)	18
Unrealized gains (losses) on available-for-sale securities	1	9	(7)
Defined benefit plans	30	(158)	134
Pension costs included in salaries and benefits	32	21	38
	62	(137)	172
Change in fair value of derivative financial instruments	(36)	(36)	3
Interest costs included in interest expense	125	132	131
	89	96	134
Other comprehensive income (loss) before taxes	89	(106)	317
Income taxes (benefits) related to other comprehensive income items	31	(40)	117
Other comprehensive income (loss)	58	(66)	200
Comprehensive income	2,754	2,307	2,196
Comprehensive income attributable to noncontrolling interests	567	498	440
Comprehensive income attributable to HCA Holdings, Inc.	$2,187	$1,809	$1,756

The accompanying notes are an integral part of the consolidated financial statements.

HCA HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(Dollars in millions)

	2015	2014
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 741**	$ 566
Accounts receivable, less allowance for doubtful accounts of $5,326 and $5,011	**5,889**	5,694
Inventories	**1,439**	1,279
Deferred income taxes	**—**	366
Other	**1,163**	1,025
	9,232	8,930
Property and equipment, at cost:		
Land	**1,524**	1,524
Buildings	**12,533**	11,941
Equipment	**19,335**	18,496
Construction in progress	**1,222**	1,019
	34,614	32,980
Accumulated depreciation	**(19,600)**	(18,625)
	15,014	14,355
Investments of insurance subsidiaries	**432**	494
Investments in and advances to affiliates	**178**	165
Goodwill and other intangible assets	**6,731**	6,416
Other	**1,157**	620
	$ 32,744	$ 30,980
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	**$ 2,170**	$ 2,035
Accrued salaries	**1,233**	1,370
Other accrued expenses	**1,880**	1,737
Long-term debt due within one year	**233**	338
	5,516	5,480
Long-term debt, less net debt issuance costs of $167 and $219	**30,255**	29,088
Professional liability risks	**1,115**	1,078
Income taxes and other liabilities	**1,904**	1,832
Stockholders' deficit:		
Common stock $0.01 par; authorized 1,800,000,000 shares; outstanding 398,738,700 shares — 2015 and 420,477,900 shares — 2014	4	4
Accumulated other comprehensive loss	(265)	(323)
Retained deficit	(7,338)	(7,575)
Stockholders' deficit attributable to HCA Holdings, Inc.	(7,599)	(7,894)
Noncontrolling interests	**1,553**	1,396
	(6,046)	(6,498)
	$ 32,744	$ 30,980

The accompanying notes are an integral part of the consolidated financial statements.

HCA HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(Dollars in millions)

	Equity (Deficit) Attributable to HCA Holdings, Inc.						
	Common Stock		Capital in Excess of Par Value	Accumulated Other Comprehensive Loss	Retained Deficit	Equity Attributable to Noncontrolling Interests	Total
	Shares (in millions)	Par Value					
Balances, December 31, 2012	443.200	$4	$ 1,753	$(457)	$(10,960)	$1,319	$(8,341)
Comprehensive income				200	1,556	440	2,196
Repurchase of common stock	(10.656)		(500)				(500)
Share-based benefit plans	7.060		139				139
Distributions						(435)	(435)
Other		—	(6)		1	18	13
Balances, December 31, 2013	439.604	4	1,386	(257)	(9,403)	1,342	(6,928)
Comprehensive income				(66)	1,875	498	2,307
Repurchase of common stock	(28.583)		(1,701)		(49)		(1,750)
Share-based benefit plans	9.457		321				321
Distributions						(442)	(442)
Other		—	(6)		2	(2)	(6)
Balances, December 31, 2014	420.478	4	—	(323)	(7,575)	1,396	(6,498)
Comprehensive income				**58**	**2,129**	**567**	**2,754**
Repurchase of common stock	**(31.991)**		**(505)**		**(1,892)**		**(2,397)**
Share-based benefit plans	**10.252**		**523**				**523**
Distributions						**(495)**	**(495)**
Acquisition of entities with noncontrolling interests						**85**	**85**
Other		—	**(18)**				**(18)**
Balances, December 31, 2015	**398.739**	**$4**	**$ —**	**$(265)**	**$ (7,338)**	**$1,553**	**$(6,046)**

The accompanying notes are an integral part of the consolidated financial statements.

HCA HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(Dollars in millions)

	2015	2014	2013
Cash flows from operating activities:			
Net income	$ 2,696	$ 2,373	$ 1,996
Adjustments to reconcile net income to net cash provided by operating activities:			
Increase (decrease) in cash from operating assets and liabilities:			
Accounts receivable	(4,114)	(3,645)	(4,395)
Provision for doubtful accounts	3,913	3,169	3,858
Accounts receivable, net	(201)	(476)	(537)
Inventories and other assets	(314)	(232)	(19)
Accounts payable and accrued expenses	192	444	142
Depreciation and amortization	1,904	1,820	1,753
Income taxes	(160)	(83)	143
Losses (gains) on sales of facilities	5	(29)	10
Losses on retirement of debt	135	335	17
Legal claim costs	149	78	—
Amortization of debt issuance costs	35	42	55
Share-based compensation	239	163	113
Other	54	13	7
Net cash provided by operating activities	4,734	4,448	3,680
Cash flows from investing activities:			
Purchase of property and equipment	(2,375)	(2,176)	(1,943)
Acquisition of hospitals and health care entities	(351)	(766)	(481)
Disposal of hospitals and health care entities	73	51	33
Change in investments	63	(37)	36
Other	7	10	9
Net cash used in investing activities	(2,583)	(2,918)	(2,346)
Cash flows from financing activities:			
Issuances of long-term debt	5,548	5,502	—
Net change in revolving bank credit facilities	150	440	970
Repayment of long-term debt	(4,920)	(5,164)	(1,662)
Distributions to noncontrolling interests	(495)	(442)	(435)
Payment of debt issuance costs	(50)	(73)	(5)
Repurchases of common stock	(2,397)	(1,750)	(500)
Income tax benefits	235	134	113
Other	(47)	(25)	(106)
Net cash used in financing activities	(1,976)	(1,378)	(1,625)
Change in cash and cash equivalents	175	152	(291)
Cash and cash equivalents at beginning of period	566	414	705
Cash and cash equivalents at end of period	$ 741	$ 566	$ 414
Interest payments	$ 1,650	$ 1,758	$ 1,832
Income tax payments, net	$ 1,186	$ 1,057	$ 694

The accompanying notes are an integral part of the consolidated financial statements.

Parkridge Medical Center, Inc.

Chattanooga, TN

has been Accredited by

The Joint Commission

Which has surveyed this organization and found it to meet the requirements for the

Hospital Accreditation Program

The Joint Commission

November 19, 2014

Darrell Moore
President/CEO
Parkridge Medical Center, Inc.
2333 McCallie Avenue
Chattanooga, TN 37404

Joint Commission ID #: 7815
Program: Hospital Accreditation
Accreditation Activity: Measure of Success
Accreditation Activity Completed: 11/19/2014

Dear Mr. Moore:

The Joint Commission would like to thank your organization for participating in the accreditation process. This process is designed to help your organization continuously provide safe, high-quality care, treatment, and services by identifying opportunities for improvement in your processes and helping you follow through on and implement these improvements. We encourage you to use the accreditation process as a continuous standards compliance and operational improvement tool.

The Joint Commission is granting your organization an accreditation decision of Accredited for all services surveyed under the applicable manual(s) noted below:

- Comprehensive Accreditation Manual for Hospitals

This accreditation cycle is effective beginning May 17, 2014. The Joint Commission reserves the right to shorten or lengthen the duration of the cycle; however, the certificate and cycle are customarily valid for up to 36 months.

Please visit Quality Check® on The Joint Commission web site for updated information related to your accreditation decision.

We encourage you to share this accreditation decision with your organization's appropriate staff, leadership, and governing body. You may also want to inform the Centers for Medicare and Medicaid Services (CMS), state or regional regulatory services, and the public you serve of your organization's accreditation decision.

Please be assured that The Joint Commission will keep the report confidential, except as required by law. To ensure that The Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Sincerely,

Mark Pelletier

Mark G.Pelletier, RN, MS

Chief Operating Officer

Division of Accreditation and Certification Operations

Attachment Section B,
Orderly Development, 5B

The Joint Commission

July 23, 2014

Darrell Moore
President/CEO
Parkridge Medical Center, Inc.
2333 McCallie Avenue
Chattanooga, TN 37404

Joint Commission ID #: 7815
Program: Hospital Accreditation
Accreditation Activity: 60-day Evidence of Standards Compliance
Accreditation Activity Completed: 07/17/2014

Dear Mr. Moore:

The Joint Commission would like to thank your organization for participating in the accreditation process. This process is designed to help your organization continuously provide safe, high-quality care, treatment, and services by identifying opportunities for improvement in your processes and helping you follow through on and implement these improvements. We encourage you to use the accreditation process as a continuous standards compliance and operational improvement tool.

The Joint Commission is granting your organization an accreditation decision of Accredited for all services surveyed under the applicable manual(s) noted below:

- Comprehensive Accreditation Manual for Hospitals

This accreditation cycle is effective beginning May 17, 2014. The Joint Commission reserves the right to shorten or lengthen the duration of the cycle; however, the certificate and cycle are customarily valid for up to 36 months.

Please visit Quality Check® on The Joint Commission web site for updated information related to your accreditation decision.

We encourage you to share this accreditation decision with your organization's appropriate staff, leadership, and governing body. You may also want to inform the Centers for Medicare and Medicaid Services (CMS), state or regional regulatory services, and the public you serve of your organization's accreditation decision.

Please be assured that The Joint Commission will keep the report confidential, except as required by law. To ensure that The Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Sincerely,

Mark Pelletier

Mark G.Pelletier, RN, MS
Chief Operating Officer
Division of Accreditation and Certification Operations

Parkridge Medical Center, Inc.
2333 McCallie Avenue
Chattanooga, TN 37404

Organization Identification Number: 7815

Program(s)
Hospital Accreditation
Behavioral Health Care Accreditation

Survey Date(s)
05/13/2014-05/16/2014

Executive Summary

Hospital Accreditation :	As a result of the accreditation activity conducted on the above date(s), Requirements for Improvement have been identified in your report. You will have follow-up in the area(s) indicated below: • Evidence of Standards Compliance (ESC)
Behavioral Health Care Accreditation :	As a result of the accreditation activity conducted on the above date(s), there were no Requirements for Improvement identified.

If you have any questions, please do not hesitate to contact your Account Executive.

Thank you for collaborating with The Joint Commission to improve the safety and quality of care provided to patients.

Evidence of DIRECT Impact Standards Compliance is due within 45 days from the day the survey report was originally posted to your organization's extranet site:

Program:	Hospital Accreditation Program	
Standards:	EC.02.04.03	EP5
	EC.02.05.07	EP4,EP6
	NPSG.15.01.01	EP1
	PC.01.02.01	EP23
	PC.02.01.03	EP1,EP7
	PC.02.01.11	EP2
	PC.03.01.07	EP7

Evidence of INDIRECT Impact Standards Compliance is due within 60 days from the day the survey report was originally posted to your organization's extranet site:

Program:	Hospital Accreditation Program	
Standards:	EC.02.04.01	EP4
	IC.01.05.01	EP1
	IC.02.01.01	EP1
	IC.02.02.01	EP4
	LD.04.03.09	EP4
	LS.02.01.10	EP4
	LS.02.01.30	EP11
	MM.03.01.01	EP8
	MS.03.01.01	EP16,EP17
	PC.01.03.01	EP5
	RC.01.01.01	EP19
	TS.03.01.01	EP1

CoP: §482.13 **Tag:** A-0115 **Deficiency:** Standard

Corresponds to: HAP

Text: §482.13 Condition of Participation: Patient's Rights

A hospital must protect and promote each patient's rights.

CoP Standard	Tag	Corresponds to	Deficiency
§482.13(c)(2)	A-0144	HAP - IC.02.01.01/EP1	Standard

CoP: §482.23 **Tag:** A-0385 **Deficiency:** Standard

Corresponds to: HAP

Text: §482.23 Condition of Participation: Nursing Services

The hospital must have an organized nursing service that provides 24-hour nursing services. The nursing services must be furnished or supervised by a registered nurse.

CoP Standard	Tag	Corresponds to	Deficiency
§482.23(b)(4)	A-0396	HAP - PC.01.03.01/EP5	Standard

CoP: §482.24 **Tag:** A-0431 **Deficiency:** Standard

Corresponds to: HAP

Text: §482.24 Condition of Participation: Medical Record Services

The hospital must have a medical record service that has administrative responsibility for medical records. A medical record must be maintained for every individual evaluated or treated in the hospital.

CoP Standard	Tag	Corresponds to	Deficiency
§482.24(c)(1)	A-0450	HAP - RC.01.01.01/EP19	Standard
§482.24(c)(2)	A-0450	HAP - RC.01.01.01/EP19	Standard

CoP: §482.25 **Tag:** A-0490 **Deficiency:** Standard

Corresponds to: HAP

Text: §482.25 Condition of Participation: Pharmaceutical Services

The hospital must have pharmaceutical services that meet the needs of the patients. The institution must have a pharmacy directed by a registered pharmacist or a drug storage area under competent supervision. The medical staff is responsible for developing policies and procedures that minimize drug errors. This function may be delegated to the hospital's organized pharmaceutical service.

CoP Standard	Tag	Corresponds to	Deficiency
§482.25(b)(3)	A-0505	HAP - MM.03.01.01/EP8	Standard

CoP: §482.26 **Tag:** A-0528 **Deficiency:** Standard

Corresponds to: HAP

Text: §482.26 Condition of Participation: Radiologic Services

The hospital must maintain, or have available, diagnostic radiologic services. If therapeutic services are also provided, they, as well as the diagnostic services, must meet professionally approved standards for safety and personnel qualifications.

CoP Standard	Tag	Corresponds to	Deficiency
§482.26(c)(2)	A-0547	HAP - MS.03.01.01/EP16	Standard

CoP: §482.41 **Tag:** A-0700 **Deficiency:** Standard

Corresponds to: HAP

Text: §482.41 Condition of Participation: Physical Environment

The hospital must be constructed, arranged, and maintained to ensure the safety of the patient, and to provide facilities for diagnosis and treatment and for special hospital services appropriate to the needs of the community.

CoP Standard	Tag	Corresponds to	Deficiency
§482.41(c)(2)	A-0724	HAP - EC.02.04.03/EP5, EC.02.05.07/EP4, EP6	Standard
§482.41(b)(1)(i)	A-0710	HAP - LS.02.01.10/EP4, LS.02.01.30/EP11	Standard

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CoP: §482.42 **Tag:** A-0747 **Deficiency:** Standard

Corresponds to: HAP - IC.02.01.01/EP1, IC.02.02.01/EP4

Text: §482.42 Condition of Participation: Infection Control

The hospital must provide a sanitary environment to avoid sources and transmission of infections and communicable diseases. There must be an active program for the prevention, control, and investigation of infections and communicable diseases.

CoP: §482.51 **Tag:** A-0940 **Deficiency:** Standard

Corresponds to: HAP

Text: §482.51 Condition of Participation: Surgical Services

If the hospital provides surgical services, the services must be well organized and provided in accordance with acceptable standards of practice. If outpatient surgical services are offered the services must be consistent in quality with inpatient care in accordance with the complexity of services offered.

CoP Standard	Tag	Corresponds to	Deficiency
§482.51(b)	A-0951	HAP - IC.02.02.01/EP4, IC.01.05.01/EP1	Standard

---

CoP: §482.52 **Tag:** A-1000 **Deficiency:** Standard

Corresponds to: HAP

Text: §482.52 Condition of Participation: Anesthesia Services

If the hospital furnishes anesthesia services, they must be provided in a well-organized manner under the direction of a qualified doctor of medicine or osteopathy. The service is responsible for all anesthesia administered in the hospital.

CoP Standard	Tag	Corresponds to	Deficiency
§482.52(b)(3)	A-1005	HAP - PC.03.01.07/EP7	Standard

CoP: §482.53 **Tag:** A-1026 **Deficiency:** Standard

Corresponds to: HAP

Text: §482.53 Condition of Participation: Nuclear Medicine Services

If the hospital provides nuclear medicine services, those services must meet the needs of the patients in accordance with acceptable standards of practice.

CoP Standard	Tag	Corresponds to	Deficiency
§482.53(a)(2)	A-1029	HAP - MS.03.01.01/EP17	Standard

CoP: §482.56 **Tag:** A-1123 **Deficiency:** Standard

Corresponds to: HAP

Text: §482.56 Condition of Participation: Rehabilitation Services

If the hospital provides rehabilitation, physical therapy, occupational therapy, audiology, or speech pathology services, the services must be organized and staffed to ensure the health and safety of patients.

CoP Standard	Tag	Corresponds to	Deficiency
§482.56(b)	A-1132	HAP - PC.02.01.03/EP1, EP7	Standard

CoP: §482.12 **Tag:** A-0043 **Deficiency:** Standard

Corresponds to: HAP

Text: §482.12 Condition of Participation: Governing Body

There must be an effective governing body that is legally responsible for the conduct of the hospital. If a hospital does not have an organized governing body, the persons legally responsible for the conduct of the hospital must carry out the functions specified in this part that pertain to the governing body. The governing body (or the persons legally responsible for the conduct of the hospital and carrying out the functions specified in this part that pertain to the governing body) must include a member, or members, of the hospital's medical staff.

CoP Standard	Tag	Corresponds to	Deficiency
§482.12(e)	A-0083	HAP - LD.04.03.09/EP4	Standard

Chapter: Environment of Care

Program: Hospital Accreditation

Standard: EC.02.04.01 ESC 60 days

Standard Text: The hospital manages medical equipment risks.

Primary Priority Focus Area: Equipment Use

Element(s) of Performance:

4. The hospital identifies, in writing, frequencies for inspecting, testing, and maintaining medical equipment on the inventory based on criteria such as manufacturers' recommendations, risk levels, or current hospital experience. (See also EC.02.04.03, EPs 2 and 3) 4

Scoring Category : A
Score : Insufficient Compliance

Observation(s):

EP 4
Observed in Tracer Activities at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site.
The two hydroculators for hot packs and cold packs were not being cleaned every two weeks as recommended by the manufacturer's guidelines. The organization did not have a cleaning log for either machine and explained that equipment had been cleaned around every quarter. During the survey the organization had begun the process of developing a cleaning scheduling and educating the staff on the new every two week cleaning schedule.

Chapter: Environment of Care

Program: Hospital Accreditation

Standard: EC.02.04.03 ESC 45 days

Standard Text: The hospital inspects, tests, and maintains medical equipment.

Primary Priority Focus Area: Equipment Use

Element(s) of Performance:

5. The hospital performs equipment maintenance and chemical and biological testing of water used in hemodialysis. These activities are documented. 3

Scoring Category : A
Score : Insufficient Compliance

Observation(s):

EP 5
§482.41(c)(2) - (A-0724) - (2) Facilities, supplies, and equipment must be maintained to ensure an acceptable level of safety and quality.
This Standard is NOT MET as evidenced by:
Observed in Tracer Activities at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.
The vendor policy for water culture acceptability was not consistent with the current AAMI levels of less than 100. The vendor the acceptable level for water cultures at the time of survey was less than 200.

Chapter: Environment of Care

Program: Hospital Accreditation

Standard: EC.02.05.07 ESC 45 days

Standard Text: The hospital inspects, tests, and maintains emergency power systems.
Note: This standard does not require hospitals to have the types of emergency power equipment discussed below. However, if these types of equipment exist within the building, then the following maintenance, testing, and inspection requirements apply.

Primary Priority Focus Area: Physical Environment

Element(s) of Performance:

4. At least monthly, the hospital tests each emergency generator under load for at least 30 continuous minutes. The completion dates of the tests are documented. 

Scoring Category : A
Score : Insufficient Compliance

6. At least monthly, the hospital tests all automatic transfer switches. The completion date of the tests is documented. 

Scoring Category : A
Score : Insufficient Compliance

Observation(s):

EP 4
§482.41(c)(2) - (A-0724) - (2) Facilities, supplies, and equipment must be maintained to ensure an acceptable level of safety and quality.
This Standard is NOT MET as evidenced by:
Observed in Document Review at Parkridge Valley Hospital - Adult and Senior Campus (7351 Courage Way, Chattanooga, TN) site for the Hospital deemed service.
During the document review of the generator located at the Parkridge Valley Adult Campus, it was noted that from July 2013 to January 13, 2014, the generator was tested for a duration of less than 30 minutes each month. The hospital was in compliance after January 13, 2014 for the generator's 30 minute run time.

EP 6
§482.41(c)(2) - (A-0724) - (2) Facilities, supplies, and equipment must be maintained to ensure an acceptable level of safety and quality.
This Standard is NOT MET as evidenced by:
Observed in Document Review at Parkridge Valley Hospital - Adult and Senior Campus (7351 Courage Way, Chattanooga, TN) site for the Hospital deemed service.
During the document review of the generator located at the Parkridge Valley Adult Campus, it was noted that there were three automatic transfer switches. During the months of July, August and September 2013, only the initiating transfer switch was documented as being exercised on a monthly basis. There was no notation that the other two transfer switches had been exercised.

Chapter: Infection Prevention and Control

Program: Hospital Accreditation

Standard: IC.01.05.01

Standard Text: The hospital has an infection prevention and control plan.

Primary Priority Focus Area: Infection Control

Element(s) of Performance:

1. When developing infection prevention and control activities, the hospital uses evidence-based national guidelines or, in the absence of such guidelines, expert consensus.

Scoring Category : A
Score : Insufficient Compliance

Observation(s):

EP 1
§482.51(b) - (A-0951) - §482.51(b) Standard: Delivery of Service

Surgical services must be consistent with needs and resources. Policies governing surgical care must be designed to assure the achievement and maintenance of high standards of medical practice and patient care.
This Standard is NOT MET as evidenced by:
Observed in Individual Tracer at Parkridge East Hospital (941 Spring Creek Road, Chattanooga, TN) site for the Hospital deemed service.
During tracer activity in the operating room, it was noted that a surgeon in the sterile field had "gowned" and "gloved" in a sterile manner, was wearing an operating room hat, but had his mask below his chin and beard. After the time out had been completed and before the procedure (direct laryngoscopy and laryngeal biopsy) had begun, he raised his mask to cover his mouth, nose and beard. This technique does not comply with AORN standards which the hospital uses as its standard for sterile technique

Observed in Individual Tracer at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.
During tracer activity in radiology, during a CT guided biopsy of a lung mass, it was noted that the radiologist, before performing the procedure, "scrubbed", then used his cleaned hands to put on his hat, his mask, open his sterile gown. He then put on his gown and sterile gloves for the procedure. This technique does not comply with AORN standards which the hospital uses as its standard for sterile technique.

Chapter: Infection Prevention and Control

Program: Hospital Accreditation

Standard: IC.02.01.01 ESC 60 days

Standard Text: The hospital implements its infection prevention and control plan.

Primary Priority Focus Area: Infection Control

Element(s) of Performance:

1. The hospital implements its infection prevention and control activities, including surveillance, to minimize, reduce, or eliminate the risk of infection. 4

Scoring Category : C
Score : Insufficient Compliance

Observation(s):

EP 1
§482.13(c)(2) - (A-0144) - (2) The patient has the right to receive care in a safe setting.
This Standard is NOT MET as evidenced by:
Observed in Individual Tracer at Grandview Medical Center (1000 Highway 28, Jasper, TN) site for the Hospital deemed service.
In the OR it was found that on two procedure door jambs that each had multiple scratches and scrapes down to bare metal providing a surface for potential infections. In the cysto room it was noted there was a hole in the wall that also provided a surface for potential infections.

Observed in Individual Tracer at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.
In the central sterile storage area it was noted that the back of the sterilizer could be accessed from a door in sterile storage. When the door was opened it was noted that the floor under and around the sterilizer was wet and there was water dripping from the pipes. It was also noted that the brass like floor grate was corroded green and had rust. Plant operations responded immediately, cleaned the water and fixed the leaking pipes.

Observed in Individual Tracer at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.
In the Ultrasound and Mammography area it was found that the vaginal probe cleaning area was checked daily first thing in the morning to see if the room had a negative pressure. Per documentation it was noted that the pressure was negative daily for the last few months. However, at the time of survey the room was neutral and not negative due to the fact that the staff kept the door open during the day. This did not allow the room to maintain negative pressure.

Observed in Individual Tracer at Parkridge Valley Hospital - Adult and Senior Campus (7351 Courage Way, Chattanooga, TN) site for the Hospital deemed service.
For a patient on the senior unit, who was admitted 28 days prior to this review, it was noted that the patient was admitted with lice and scabies. When the staff was asked if infection control had been informed of this it was stated that they were notified. On further review with the ICP it was found that this report had not been submitted.

Observed in Individual Tracer at Parkridge East Hospital (941 Spring Creek Road, Chattanooga, TN) site for the Hospital deemed service.
During tracer activity in the operating room area, it was noted that a bronchoscopy was being performed in operating room 2. When a tissue (kleenex) was held at the base of the closed door between room 2 and the hall, the tissue blew away from the door, showing that the room 2 pressure was positive compared with the hall pressure. (consistent with the finding with the room pressure monitors earlier that day). During bronchoscopy, the room pressure should be negative compared with the hall pressure so that possible airborne contaminants would not be blown out into a clean area.

§482.42 - (A-0747) - §482.42 Condition of Participation: Condition of Participation: Infection Control
This Condition is NOT MET as evidenced by:
Observed in Tracer Activities at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.
The return air vents in two operating rooms in use were noted to be coated with a matted layer of dust. The matted layer of dust was demonstrated to the staff in unoccupied room 8 by scrubbing off a section of the layered dust with a damp paper towel.

Chapter: Infection Prevention and Control

Program: Hospital Accreditation

Standard: IC.02.02.01 ESC 60 days

Standard Text: The hospital reduces the risk of infections associated with medical equipment, devices, and supplies.

Primary Priority Focus Area: Infection Control

Element(s) of Performance:

4. The hospital implements infection prevention and control activities when doing the following: Storing medical equipment, devices, and supplies.

Scoring Category : C
Score : Partial Compliance

Observation(s):

EP 4
§482.51(b) - (A-0951) - §482.51(b) Standard: Delivery of Service

Surgical services must be consistent with needs and resources. Policies governing surgical care must be designed to assure the achievement and maintenance of high standards of medical practice and patient care.
This Standard is NOT MET as evidenced by:
Observed in Individual Tracer at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.
During tracer activity in the Radiology suite, it was noted that a wire supply cart in one of the procedure rooms did not have an impervious bottom. The open structure would allow dirt and debris from the floor to contaminate items stored on the bottom shelf.

§482.42 - (A-0747) - §482.42 Condition of Participation: Condition of Participation: Infection Control
This Condition is NOT MET as evidenced by:
Observed in Tracer Activities at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.
The Pharmacy IV Infusion prep room has three open bottom wire carts two of which had cardboard and plastic medication boxes stored on the bottom shelf.

Chapter: Leadership

Program: Hospital Accreditation

Standard: LD.04.03.09

ESC 60 days

Standard Text: Care, treatment, and services provided through contractual agreement are provided safely and effectively.

Primary Priority Focus Area: Organizational Structure

Element(s) of Performance:

4. Leaders monitor contracted services by establishing expectations for the performance of the contracted services.
Note 1: In most cases, each licensed independent practitioner providing services through a contractual agreement must be credentialed and privileged by the hospital using their services following the process described in the 'Medical Staff' (MS) chapter.
Note 2: For hospitals that do not use Joint Commission accreditation for deemed status purposes: When the hospital contracts with another accredited organization for patient care, treatment, and services to be provided off site, it can do the following:
- Verify that all licensed independent practitioners who will be providing patient care, treatment, and services have appropriate privileges by obtaining, for example, a copy of the list of privileges.
- Specify in the written agreement that the contracted organization will ensure that all contracted services provided by licensed independent practitioners will be within the scope of their privileges.
Note 3: For hospitals that use Joint Commission accreditation for deemed status purposes: The leaders who monitor the contracted services are the governing body.

Scoring Category : A
Score : Insufficient Compliance

Observation(s):

EP 4
§482.12(e) - (A-0083) - §482.12(e) Standard: Contracted Services

The governing body must be responsible for services furnished in the hospital whether or not they are furnished under contracts. The governing body must ensure that a contractor of services (including one for shared services and joint ventures) furnishes services that permit the hospital to comply with all applicable conditions of participation and standards for the contracted services.
This Standard is NOT MET as evidenced by:
Observed in Document Review at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.
A review of contracts by the surveyor and a discussion with the Market Director of Quality revealed that leaders had not monitored contracted services by establishing expectations for the performance of the contracted services. Specifically the contract with Surgery Pharmacy Services, Inc. did not include performance expectations nor did the contract with DCI (dialysis services).

Chapter: Life Safety
Program: Hospital Accreditation
Standard: LS.02.01.10

Standard Text: Building and fire protection features are designed and maintained to minimize the effects of fire, smoke, and heat.
Primary Priority Focus Area: Physical Environment

Element(s) of Performance:

4. Openings in 2-hour fire-rated walls are fire rated for 1 1/2 hours. (See also LS.02.01.20, EP 3; LS.02.01.30, EP 1) (For full text and any exceptions, refer to NFPA 101-2000: 8.2.3.2.3.1)

Scoring Category : A
Score : Insufficient Compliance

Observation(s):

EP 4
§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101®2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html.

Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes.
This Standard is NOT MET as evidenced by:
Observed in Building Tour at Grandview Medical Center (1000 Highway 28, Jasper, TN) site for the Hospital deemed service.
During the building tour of the Parkridge Medical Center – West, it was observed on the 1st floor at the 2-hour separation between the hospital and medical office building that the door frame had 8 small, unprotected holes.

Observed in Building Tour at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.
During the building tour of the Parkridge Medical Center – Main, it was observed on the 3rd floor at the 2-hour separation between the hospital and the Diagnostic Center that the 90-minute rated door did not have two floor catches for the lower latching mechanisms.

Chapter: Life Safety

Program: Hospital Accreditation

Standard: LS.02.01.30

ESC 60 days

Standard Text: The hospital provides and maintains building features to protect individuals from the hazards of fire and smoke.

Primary Priority Focus Area: Physical Environment

Element(s) of Performance:

11. Corridor doors are fitted with positive latching hardware, are arranged to restrict the movement of smoke, and are hinged so that they swing. The gap between meeting edges of door pairs is no wider than 1/8 inch, and undercuts are no larger than 1 inch. Roller latches are not acceptable.
Note: For existing doors, it is acceptable to use a device that keeps the door closed when a force of 5 foot-pounds are applied to the edge of the door. (For full text and any exceptions, refer to NFPA 101-2000: 18/19.3.6.3.2, 18/19.3.6.3.1, and 7.2.1.4.1)

Scoring Category : C
Score : Insufficient Compliance

Observation(s):

EP 11
§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101®2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html.

Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes.
This Standard is NOT MET as evidenced by:
Observed in Building Tour at Grandview Medical Center (1000 Highway 28, Jasper, TN) site for the Hospital deemed service.
During the building tour of the Parkridge Medical Center – West, it was observed on the 2nd floor at the elevator lobby that the corridor's double doors had a gap of approximately ¼- inches.

Observed in Building Tour at Grandview Medical Center (1000 Highway 28, Jasper, TN) site for the Hospital deemed service.
During the building tour of the Parkridge Medical Center – West, it was observed on the 2nd floor at the back door to the ICU that the corridor's double doors had a gap of approximately ¼- inches.

Observed in Building Tour at Grandview Medical Center (1000 Highway 28, Jasper, TN) site for the Hospital deemed service.
During the building tour of the Parkridge Medical Center – West, it was observed on the 2nd floor at the back door to the ICU that the double doors did not have positive latching.

Chapter: Medical Staff

Program: Hospital Accreditation

Standard: MS.03.01.01

ESC 60 days

Standard Text: The organized medical staff oversees the quality of patient care, treatment, and services provided by practitioners privileged through the medical staff process.

Primary Priority Focus Area: Credentialed Practitioners

Element(s) of Performance:

16. For hospitals that use Joint Commission accreditation for deemed status purposes: The medical staff determines the qualifications of the radiology staff who use equipment and administer procedures.

Scoring Category : A
Score : Insufficient Compliance

17. For hospitals that use Joint Commission accreditation for deemed status purposes: The medical staff approves the nuclear services director's specifications for the qualifications, training, functions, and responsibilities of the nuclear medicine staff.

Scoring Category : A
Score : Insufficient Compliance

Observation(s):

EP 16
§482.26(c)(2) - (A-0547) - (2) Only personnel designated as qualified by the medical staff may use the radiologic equipment and administer procedures.
This Standard is NOT MET as evidenced by:
Observed in Credentialing and Privileging at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.
The HCO did not have documentation that the medical staff had determined the qualifications of the radiology staff who use equipment and administer procedures.

EP 17
§482.53(a)(2) - (A-1029) - (2) The qualifications, training, functions and responsibilities of the nuclear medicine personnel must be specified by the service director and approved by the medical staff.
This Standard is NOT MET as evidenced by:
Observed in Credentialing and Privileging at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.
The HCO could not provide documentation that the qualifications, training, functions and responsibilities of the nuclear medicine personnel are specified by the service director and approved by the medical staff.

Chapter: Medication Management

Program: Hospital Accreditation

Standard: MM.03.01.01

ESC 60 days

Standard Text: The hospital safely stores medications.

Primary Priority Focus Area: Medication Management

Element(s) of Performance:

8. The hospital removes all expired, damaged, and/or contaminated medications and stores them separately from medications available for administration.

Scoring Category : C
Score : Insufficient Compliance

Observation(s):

EP 8
§482.25(b)(3) - (A-0505) - (3) Outdated, mislabeled, or otherwise unusable drugs and biologicals must not be available for patient use.
This Standard is NOT MET as evidenced by:
Observed in Individual Tracer at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.
During tracer activity in the Radiology suite it was noted that a locked cabinet containing "rescue" drugs (for resuscitation if needed during stress testing) contained a vial of esmolol (10 mg/ml; 10 ml) that had expired.

Observed in Individual Tracer at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.
During tracer activity in the clean utility room of the MICU it was noted that the expiration date of several IV bags of D5 normal saline, 500 ml, had passed. The bags were still on the shelf available for use.(beyond their expiration date).

Observed in Individual Tracer at Parkridge East Hospital (941 Spring Creek Road, Chattanooga, TN) site for the Hospital deemed service.
During tracer activity in the operating room area, it was noted in a code cart in the hall that several bags of IV (intra venous) fluids in the cart had expired dates. These included the following: lactated ringers 1000 ml expired 11-13; D5 1000 ml expired 1-14; D5W 500 ml expired 3-14.

Observed in Individual Tracer at Parkridge East Hospital (941 Spring Creek Road, Chattanooga, TN) site for the Hospital deemed service.
During tracer activity in the MRI suite it was noted that several IV bags of 0.9% NaCl were beyond their expiration dates.

Chapter: National Patient Safety Goals

Program: Hospital Accreditation

Standard: NPSG.15.01.01

ESC 45 days

Standard Text: Identify patients at risk for suicide.
Note: This requirement applies only to psychiatric hospitals and patients being treated for emotional or behavioral disorders in general hospitals.

Primary Priority Focus Area: Assessment and Care/Services

Element(s) of Performance:

1. Conduct a risk assessment that identifies specific patient characteristics and environmental features that may increase or decrease the risk for suicide.

Scoring Category : C
Score : Insufficient Compliance

Observation(s):

EP 1
Observed in Individual Tracer at Intensive Outpatient Program (2775 Executive Park, Cleveland, TN) site.
While reviewing the case record of an adult IOP client from the Cleveland site it was noted that the completed assessment did not draw any conclusions about the individual's risk of self-harm despite a suicide gesture that precipitated a recent psychiatric hospitalization.

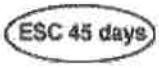
Observed in Individual Tracer at Parkridge East Hospital (941 Spring Creek Road, Chattanooga, TN) site.
While reviewing the case record of an adult IOP client from the Cleveland clinic it was noted that the individual's completed suicide risk assessment did not address environmental factors that could impact on the individual's relative risk of self-harm. Nor did the assessment result in any specific conclusions about the level of risk,if any, posed by the individual.

Observed in Individual Tracer at Parkridge East Hospital (941 Spring Creek Road, Chattanooga, TN) site.
While reviewing the case record of an 18yr old male PHP client at the Courage Way site, it was noted that the completed suicide risk assessment did not address the impact of external factors, if any, on the individual's risk of suicide. It was noted in the record that the individual had contemplated jumping off a cliff and may have experienced hallucinations. Yet, neither were mentioned in the risk assessment.

Chapter: Provision of Care, Treatment, and Services

Program: Hospital Accreditation

Standard: PC.01.02.01



Standard Text: The hospital assesses and reassesses its patients.

Primary Priority Focus Area: Assessment and Care/Services

Element(s) of Performance:

23. During patient assessments and reassessments, the hospital gathers the data and information it requires. (See also PC.01.01.01, EP 24)

Scoring Category : C
Score : Partial Compliance

Observation(s):

EP 23
Observed in Individual Tracer at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site.
The FIM scores for a post surgical patient were not entered during the initial therapy evaluation as required by hospital policy

Observed in Individual Tracer at Parkridge East Hospital (941 Spring Creek Road, Chattanooga, TN) site.
While conducting tracer activities on the Telemetry Unit it was determined that during patient assessments the hospital had not gathered the data and information it required. Specifically, although the patient had been admitted through the Emergency Department with numerous health problems including two wounds on his left lower leg, there was no indication that the wounds had been assessed during the initial nursing assessment conducted when the patient was admitted to the unit. The wound component of the record had been left blank. Hospital policy PC-POL/PRO-3.040.001 states that skin and wound assessments are completed minimally on admission, every shift and as needed according to the patient's needs.

Chapter: Provision of Care, Treatment, and Services

Program: Hospital Accreditation

Standard: PC.01.03.01

ESC 60 days

Standard Text: The hospital plans the patient's care.

Primary Priority Focus Area: Assessment and Care/Services

Element(s) of Performance:

5. The written plan of care is based on the patient's goals and the time frames, settings, and services required to meet those goals. Note: For psychiatric hospitals that use Joint Commission accreditation for deemed status purposes: The patient's goals include both short- and long-term goals.

4

Scoring Category : A
Score : Insufficient Compliance

Observation(s):

EP 5
§482.23(b)(4) - (A-0396) - (4) The hospital must ensure that the nursing staff develops, and keeps current, a nursing care plan for each patient. The nursing care plan may be part of an interdisciplinary care plan.
This Standard is NOT MET as evidenced by:
Observed in Individual Tracer at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.
While reviewing the medical record of a patient on 4 West the surveyor noted that the nursing care plan included goals as well as the settings and services to meet those goals, however there were no timeframes identified for meeting the goals.

Observed in Record Review at Parkridge East Hospital (941 Spring Creek Road, Chattanooga, TN) site for the Hospital deemed service.
During a review of the nursing care plan in the Parkridge East NICU and an interview with nursing staff it was determined that the patient centered careplan did not include time frames within which the goals were to be achieved.

Observed in Individual Tracer at Parkridge East Hospital (941 Spring Creek Road, Chattanooga, TN) site for the Hospital deemed service.
While reviewing the written plan of care the surveyor determined that not all goals had not been based upon time frames within which they were to be achieved. Although the goals were appropriate to the settings and services required to meet them, several of them did not include a time frame. Additionally, no goals had been added to the plan for Respiratory Services although the patient was on continuous oxygen and received aerosolized medications to reduce respiratory symptoms.

Observed in Individual Tracer at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.
64 year old female admitted 5/6/14 for Degenerative Joint Disc Disease. For lumbar fusion. On POD 2 patient developed Acute Kidney injury secondary to Vancomycin. Patient started on dialysis. The nursing POC had problem goals but did not have patient or incident specific time frames associated with these goals.

Observed in Individual Tracer at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.
SICU: 77 year old female admitted to treat her recurrent bladder tumor. Coronary artery disease and bundle branch block was found during evaluation. The patient coded and was suspected to have aspirated some pills. The nursing POC had problem goals but did not have patient or incident specific time frames associated with these goals.

Chapter:	Provision of Care, Treatment, and Services
Program:	Hospital Accreditation
Standard:	PC.02.01.03 ESC 45 days
Standard Text:	The hospital provides care, treatment, and services as ordered or prescribed, and in accordance with law and regulation.
Primary Priority Focus Area:	Assessment and Care/Services

Element(s) of Performance:

1. For hospitals that use Joint Commission accreditation for deemed status purposes: Prior to providing care, treatment, and services, the hospital obtains or renews orders (verbal or written) from a licensed independent practitioner or other practitioner in accordance with professional standards of practice; law and regulation; hospital policies; and medical staff bylaws, rules, and regulations. *
Footnote *: For law and regulation guidance pertaining to those responsible for the care of the patient, refer to 42 CFR 482.12(c).

Scoring Category : A
Score : Insufficient Compliance

7. For hospitals that use Joint Commission accreditation for deemed status purposes: The hospital provides care, treatment, and services using the most recent patient order(s).

Scoring Category : A
Score : Insufficient Compliance

Observation(s):

EP 1
§482.56(b) - (A-1132) - §482.56(b) Standard: Delivery of Services

Services must only be provided under the orders of a qualified and licensed practitioner who is responsible for the care of the patient, acting within his or her scope of practice under State law, and who is authorized by the hospital's medical staff to order the services in accordance with hospital policies and procedures and State laws.
This Standard is NOT MET as evidenced by:
Observed in Individual Tracer at Parkridge East Hospital (941 Spring Creek Road, Chattanooga, TN) site for the Hospital deemed service.
During tracer activity in the MRI suite, it was noted that an intubated patient had undergone an MRI scan which lasted about six hours about a month earlier. The patient was identified. On discussion with the nurse who had monitored the patient during this procedure it was learned that, although, in the ICU, the intubated patient had been receiving propofol sedation according to pump titration protocol, the pump could not be used in the MRI area and the ICU nurse had to count drops and titrate the rate of the propofol infusion up and down to keep the patient at the requested level of sedation. There was no protocol for this action which was beyond the scope of the orders.

EP 7
§482.56(b) - (A-1132) - §482.56(b) Standard: Delivery of Services

Services must only be provided under the orders of a qualified and licensed practitioner who is responsible for the care of the patient, acting within his or her scope of practice under State law, and who is authorized by the hospital's medical staff to order the services in accordance with hospital policies and procedures and State laws.
This Standard is NOT MET as evidenced by:
Observed in Individual Tracer at Parkridge East Hospital (941 Spring Creek Road, Chattanooga, TN) site for the Hospital deemed service.
During review of a medical record related to tracer activity on 2 W the surveyor determined that the hospital had not provided care, treatment and services as ordered. The physician order included "routine wound care", however there was no clinical protocol or reference that described the components of routine wound care. Documentation by the nurse providing wound care indicated that Mepilex and curlex were used to dress the wound.

Chapter: Provision of Care, Treatment, and Services

Program: Hospital Accreditation

Standard: PC.02.01.11 ESC 45 days

Standard Text: Resuscitation services are available throughout the hospital.

Primary Priority Focus Area: Equipment Use

Element(s) of Performance:

2. Resuscitation equipment is available for use based on the needs of the population served.
Note: For example, if the hospital has a pediatric population, pediatric resuscitation equipment should be available. (See also EC.02.04.03, EPs 2 and 3)

3

Scoring Category : A
Score : Insufficient Compliance

Observation(s):

EP 2
Observed in Individual Tracer at Grandview Medical Center (1000 Highway 28, Jasper, TN) site.
In the ED main trauma room it was noted that two crash cart defibrillators and one T1Zoll Adult defibrillator were not checked on May 5.

Observed in Tracer Activities at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site.
The documentation log was incomplete for the emergency crash cart used for the open heart patients. The log had no documentation of the crash cart being checked on the weekday of 5/6/14 or the weekend of 5/4/14.

Chapter: Provision of Care, Treatment, and Services

Program: Hospital Accreditation

Standard: PC.03.01.07 ESC 45 days

Standard Text: The hospital provides care to the patient after operative or other high-risk procedures and/or the administration of moderate or deep sedation or anesthesia.

Primary Priority Focus Area: Assessment and Care/Services

Element(s) of Performance:

7. For hospitals that use Joint Commission accreditation for deemed status purposes: A postanesthesia evaluation is completed and documented by an individual qualified to administer anesthesia no later than 48 hours after surgery or a procedure requiring anesthesia services.

Scoring Category : A
Score : Insufficient Compliance

Observation(s):

EP 7
§482.52(b)(3) - (A-1005) - [The policies must ensure that the following are provided for each patient:]

(3) A postanesthesia evaluation completed and documented by an individual qualified to administer anesthesia, as specified in paragraph (a) of this section, no later than 48 hours after surgery or a procedure requiring anesthesia services. The postanesthesia evaluation for anesthesia recovery must be completed in accordance with State law and with hospital policies and procedures that have been approved by the medical staff and that reflect current standards of anesthesia care.
This Standard is NOT MET as evidenced by:
Observed in Individual Tracer at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.
During tracer activity on 4 East, in the chart of a patient who had undergone a right total hip replacement, it was noted that there was no 48 hour post operative anesthesia note as required by hospital policy. The surgery had been performed greater than 48 hours before this surveyor looked at the patient's chart.

Observed in Individual Tracer at Parkridge East Hospital (941 Spring Creek Road, Chattanooga, TN) site for the Hospital deemed service.
During tracer activity on a post surgical floor, in the chart of a patient who had undergone an incision and drainage of his left ankle, it was noted that there was no 48 hour post operative anesthesia note as required by hospital policy. The surgery had been performed greater than three days before this surveyor looked at the patient's chart.

Chapter: Record of Care, Treatment, and Services

Program: Hospital Accreditation

Standard: RC.01.01.01

ESC 60 days

Standard Text: The hospital maintains complete and accurate medical records for each individual patient.

Primary Priority Focus Area: Information Management

Element(s) of Performance:

19. For hospitals that use Joint Commission accreditation for deemed status purposes: All entries in the medical record, including all orders, are timed.

4

Scoring Category : C
Score : Insufficient Compliance

Observation(s):

EP 19
§482.24(c)(1) - (A-0450) - (1) All patient medical record entries must be legible, complete, dated, timed, and authenticated in written or electronic form by the person responsible for providing or evaluating the service provided, consistent with hospital policies and procedures.
This Standard is NOT MET as evidenced by:
Observed in Individual Tracer at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.
During tracer activity on 4 East, in the chart of a patient who had undergone a right total hip replacement, it was noted that the immediate post operative note by the surgeon was signed, dated, but not timed as required by hospital policy and CMS. There were several other entries in this medical chart (Medicare order form; order for PCA [patient controlled analgesia}; physician progress note) that were dated but not timed.

§482.24(c)(2) - (A-0450) - (2) All orders, including verbal orders, must be dated, timed, and authenticated promptly by the ordering practitioner or by another practitioner who is responsible for the care of the patient only if such a practitioner is acting in accordance with State law, including scope-of-practice laws, hospital policies, and medical staff bylaws, rules, and regulations.
This Standard is NOT MET as evidenced by:
Observed in Record Review at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.
While review the medical record of a patient receiving services on 4 West it was noted that the anesthesia Resident had not entered the time of authentication on the post anesthesia evaluation.

Observed in Record Review at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.
While reviewing the medical record of an oncology patient receiving services on 4 W it was noted that physician orders for blood cultures and an echo cardiogram did not include the time that the physician had authenticated the orders.

Observed in Individual Tracer at Parkridge Medical Center (2333 McCallie Avenue, Chattanooga, TN) site for the Hospital deemed service.
77 year old female admitted to treat her recurrent bladder tumor. Coronary artery disease and bundle branch block was found during evaluation. The patient coded and was suspected to have aspirated some pills. The chart had two orders by Provider A on 5/10/14 and 5/12/14 that were signed but not timed and Provider B on 5/4/14 had two orders and 5/5/14 had a single order that were signed but not timed.

Chapter: Transplant Safety

Program: Hospital Accreditation

Standard: TS.03.01.01 ESC 60 days

Standard Text: The hospital uses standardized procedures for managing tissues.

Primary Priority Focus Area: Organizational Structure

Element(s) of Performance:

1. The hospital assigns responsibility to one or more individuals for overseeing the acquisition, receipt, storage, and issuance of tissues throughout the hospital.
Note: Responsibility for this oversight involves coordinating efforts to provide standardized practices throughout the hospital. A hospital may have a centralized process (one department responsible for the ordering, receipt, storage, and issuance of tissue throughout the hospital) or a decentralized process (multiple departments responsible for the ordering, receipt, storage, and issuance of tissue throughout the hospital).

Scoring Category : A
Score : Insufficient Compliance

Observation(s):

EP 1
Observed in Individual Tracer at Grandview Medical Center (1000 Highway 28, Jasper, TN) site.
During a tissue tracer in the OR it was noted that no specific individual had been assigned the responsibility for the acquisition, receipt, storage and issuance of tissues. Materials management received a request to order the tissue and they received the tissue and took the tissue to the OR. There was documentation that the tissue was received but there was no specific documentation for the process to manage the receipt, temperature, integrity, storage, and issuance of the tissue.

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Hamilton

Melissa Arkin being first duly sworn, says that he/she is the applicant named in this application or his/her lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Agency Rules, and T.C.A. §68-11-1601, et seq., and that the responses to questions in this application or any other questions deemed appropriate by the Tennessee Health Services and Development Agency are true and complete.

Melissa Arkin
Name

CEO Parkridge Valley
Title

Sworn to and subscribed before me this the 15th day of November, 2016 a Notary Public in and for Hamilton County, Tennessee.

Tiffany Richards
Notary Public

My Commission Expires: March 21, 2020.

TIFFANY RICHARDS
STATE OF TENNESSEE NOTARY PUBLIC
HAMILTON COUNTY

Supplemental #1
-ORIGINAL-

PARKRIDGE WEST HOSPITAL

CN1611-039

SUPPLEMENTAL #1
November 23, 2016
8:19 am

SUPPLEMENTAL RESPONSES

CERTIFICATE OF NEED APPLICATION

FOR

PARKRIDGE WEST HOSPITAL

The Conversion of 8 Medical-Surgical Beds to 8 Psychiatric Beds

Marion County, Tennessee

Project No. CN1611-039

November 23, 2016

Contact Person:

Jerry W. Taylor, Esq.
Burr & Forman, LLP
511 Union Street, Suite 2300
Nashville, Tennessee 37219
615-724-3247

SUPPLEMENTAL #1
November 23, 2016
8:19 am

1. **Section A. , Executive Summary, B. Rationale for Approval (1) Need**

It is noted in September 2016 171 admissions were denied to Parkridge West Hospital's existing adult inpatient psychiatric unit solely because of a lack of beds. Of the 171 denied admissions, how many were committals? Also, where were the 171 admissions referred for treatment?

During the nine month period January through September 2016, 171 admissions were denied due to lack of a bed. The applicant does not have data regarding the status of patients not admitted.

When beds are not available, Parkridge West routinely refers parties requesting admissions to Parkridge Valley in Hamilton County, absent a contrary choice of the patient. However, Parkridge West has no further information on where those 171 patients were in fact admitted.

Please clarify the reason why TennCare will not credential the applicant's current 20 bed facility and why adding 8 additional beds will make a difference in a TennCare contract.

TennCare has never declined to credential this facility. When the facility was acquired from another company in 2014, its principal psychiatrist was independent and did not participate in TennCare. Because Parkridge West was able to refer TennCare admissions requests to its sister hospital Parkridge Valley in Chattanooga, Parkridge West felt no need to request TennCare credentialing. However, in 2016 Parkridge West employed its principal psychiatrist as Medical Director. That physician will now participate in TennCare, and Parkridge West has initiated the credentialing process that will allow it to accept TennCare patients. This will go forward regardless of the decision on the 8 additional beds

Please clarify if the applicant is contracted with Alabama Medicaid. If so, why is the applicant contracted with Alabama Medicaid and not Tennessee Medicaid/TennCare.

The applicant is contracted with Alabama Medicaid because its principal psychiatrist (who did not contract with TennCare) has always contracted with Alabama Medicaid, making it feasible to admit those patients to Parkridge West. As explained immediately above, this was not the case with TennCare patients.

Please discuss if all TennCare managed care companies have expressed interest in contracting with the applicant for inpatient behavioral health services.

Parkridge West operates under the hospital license of Parkridge Medical Center. As one of its satellite hospitals, Parkridge West is in network and is contracted with all TennCare MCOs operating in the region. However, the Parkridge West DPU must still become credentialed by TennCare as discussed above.

What was the 2015 payor mix for the current 20 bed adult psychiatric unit?

Please see the table below.

CY 2015 Payor Source for Existing 20-Bed Adult Unit	As a % of total
Medicare/Medicare Managed Care	62.5%
TennCare/Medicaid	0%
Alabama Medicaid	14.6%
Commercial/Other Managed Care	19.9%
Self-Pay	0.9%
Charity Care	0.2%
Other (Specify) Champus, HIX	1.9%
Total	100%

2. **Section A., 6B (3) Public Transportation**

   Please clarify if TennCare will provide transportation for TennCare enrollees needing inpatient treatment.

   TennCare does provide transportation to its enrollees upon request. However, for a psychiatric admission, such transport may or may not be available as quickly as needed, particularly for an involuntary admission. For that reason, Parkridge West anticipates that TennCare enrollees will be arriving by ambulance and personal vehicle as well as by TennCare transport. This is the experience of Parkridge Valley in Chattanooga, the applicant's sister hospital which serves a large number of TennCare patients.

3. **Section A. , 10 (A) Bed Complement Data**

   It is noted the applicant has 50 med/surg beds. However, please clarify why these beds are not staffed at Parkridge West Hospital. If approved, what are the plans for the remaining 44 med/surg beds?

   If this application is approved, Parkridge West will have 42 med-surg beds, not 44. Parkridge West Hospital's previous medical staff, under prior ownership, was unable to support staffing its 50 med/surg beds at the time of its purchase by HCA. Through a reorganization of the campus, Parkridge West has reduced the services it offers, to focus on Emergency, Inpatient Behavioral Health, and select outpatient services. Parkridge West is committed to strengthening its medical staff, and returning needed services to the campus as the needs of the service area dictate.

4. **Section B, Need, Item I.a. (Psychiatric Inpatient Services-Service Specific Criteria-)**

   Please complete the following table to determine psychiatric bed need (1).

   Please see the table below.

Proposed Service Area							
Population 2018		Gross Need Pop. (30 beds/100,000)		Current Licensed Beds		Net Bed Need	
Adults 18-64	Adults 65+	Adults 18-64	Adults 65+	Adults 18-64	Adults 65+	Adults 18-64	Adults 65+
316,567	97,143	95.0	29.1	316*		-192*	

** Licensed beds make no distinction between these age groups. Data is from the 2015 Joint Annual Reports and include beds designated as geriatric. Data include Hamilton County's recently approved 36 new adult/geri beds (CNI603-012A).*

Please explain why the applicant will have one unit of 18+ patients instead of having two units comprised of the 18-64 and 65+ patients, respectively.

The behavioral health current facility layout consists of two hallways with 10 patient beds in semi-private rooms. The hallways are separated by an area that is comprised of a nurse station, medication room and patient group and activity rooms. This project would increase the beds on each hall by 4 beds in 2 additional semi-private rooms.

Bed assignments are currently, and will continue to be, determined by gender, age, acuity and clinical program. Patients share rooms with patients of the same gender. Patients are then paired patients by age and clinical programming. Clinical programming may include individuals with dual diagnosis treatment, general psychiatric treatment, or geriatric specific treatment. Parkridge West does not have a specialized young adult (ages 18-25) program; however, their treatment is individualized within any special population that they may require.

Please discuss how the applicant will address the programmatic and clinical needs of the geriatric population and the needs of the 18-25 age group in one inpatient psychiatric unit.

Treatment programming is individualized for each patient according to their needs. Geriatric patients participate in general group therapy sessions as well as sessions and programming specific to their population. Recreational therapy is also specific to the geriatric population.

At this time there is not a specific treatment program for the young adult population. Their age specific individual treatment needs are met through the specific components in their treatment plan, during individual and family therapy, and recreational therapy. During group therapy the clinicians are trained to address and modify age specific aspects of the curriculum.

The Parkridge West clinical program primarily utilizes a group treatment model. Each patient's programming is further individualized in their treatment plan.

There are 2 designated group rooms and an outdoor recreation area. At completion of the project there will be 5 multipurpose activity rooms, which can be used for multiple types of therapies, and the outdoor recreation area. Clinicians use the different spaces to offer specific treatment to specific patient populations.

5. **Section B, Need, Item 2.j Crisis Stabilization Unit. (Psychiatric Inpatient Services-Service Specific Criteria-)**

   It is noted there is a crisis stabilization unit (CSU) in Hamilton County. What is a CSU? Who operates the Hamilton County CSU, how many beds are there, what is the population targeted?

   A CSU offers 24/7/365 intensive, short-term stabilization for someone experiencing a mental health emergency who is willing to receive services. The CSU has "inpatient" beds for adults. Statewide, CSU's have a 3-day average length of stay. They do not charge for services. The CSU patient population tends to be uninsured. CSU services may include individual or family counseling and support, medication management and administration, stress management counseling, mental illness/substance abuse awareness and education; identification and development of patient support systems, and an individualized treatment plan.

   It is important to note that a CSU is accessible only through referral from a Mobile Crisis Service or Crisis Walk-In Center. Mobile Crisis Services send professional response teams to persons who are experiencing a mental health emergency; they may be accessed through a Statewide or local crisis telephone line. Their services may include telephonic service by trained crisis specialists, telehealth or face-to-face assessment, stabilization of symptoms, referral for additional services and treatment, and follow-up services.

   Crisis Walk-In Centers, as the name implies, are locations which offer face-to-face evaluations for persons experiencing a mental health emergency; they provide assessments, referrals, and follow-up services.

   For all of the Parkridge West service area counties in Tennessee, Volunteer Behavioral Health Care System (with principal offices at 413 Spring Street in Chattanooga) provides all three types of support (Mobile Crisis Teams, Mobile Walk-In Center; Crisis Stabilization Unit). Its CSU has 15 beds.

   Volunteer Behavioral Health Care System is a not-for-profit community-based provider of adult services, children and youth services, services for addiction and co-occurring disorders, crisis services, a Regional Intervention Program, and peer recovery.

6. **Section B, Need, Item 6. Composition of Services (Psychiatric Inpatient Services-Service Specific Criteria-)**

   Please complete the following table of admissions by age category for Parkridge West in 2015.

Please see the table below.

Discharges 2015			
Adults 18-65		Adults 65+	
Voluntary	Involuntary	Voluntary	Involuntary
239	250	21	58

Please provide the projected utilization statistics for all 28 psychiatric inpatient beds.

Please see the table below.

PROJECTED UTILIZATION ON PROPOSED 28-BED UNIT		
	Year 1	Year 2
Total Admissions	962	1,044
ALOS	8.6	8.2
Patient Days	8,222	8,515
Occupancy	80.5%	83.3%

7. **Section B, Need, Item 9. Relationship to Existing Similar Services in the area. (Psychiatric Inpatient Services-Service Specific Criteria-)**

   Please clarify if the applicant's psychiatric adult inpatient services differ from similar services available in the service area.

   Clinically, they do not. However, due to Parkridge West's location in a rural county, it provides accessibility advantages for persons living in rural areas west of Hamilton County.

8. **Section B, Need, Item 12. Institution for Mental Disease Classification. (Psychiatric Inpatient Services-Service Specific Criteria-)**

   It is noted Parkridge West is classified as an IMD. Please clarify how this is possible since the applicant is licensed by the Department of Health and has licensed med/surg beds.

   The applicant's response to question #12 on page 22 of the submitted application was incorrect. Parkridge West is not an IMD (Institution for Mental Disease). It cannot be an IMD because it is operated under the license of an acute care hospital.

9. **Section B, Need, Item 16. Community Linkage Plan. (Psychiatric Inpatient Services-Service Specific Criteria-)**

SUPPLEMENTAL #1
November 23, 2016
8:19 am

It is noted there are no letters from providers in support of the application and detailing instances of unmet need for psychiatric inpatient services. Please clarify if support letters are forthcoming.

Letters of support were inadvertently omitted from the filed application. Copies of these are attached following this response. Additional letters may be filed later under separate cover.

November 10, 2016

Ms. Melanie Hill
Executive Director
State of Tennessee
Health Services & Development Agency
Andrew Jackson Building, Ninth Floor
502 Deadrick Street
Cleveland, TN 37311

RE: Certificate of Need Application
Parkridge West Hospital 8 Bed Conversion

Dear Ms. Hill,

On behalf of the Marion County Commissioner's Office, District 2, I am pleased to write this letter of support for Parkridge West Hospital's proposal to convert 8 medical surgical beds to 8 adult psychiatric beds. Parkridge West Hospital has been instrumental in providing valuable medical services to the community and is a respected community partner.

I believe they are in a unique position to improve behavioral health care access and impact the continued rise in behavioral healthcare needs in the community. I fully support the awarding of this CON to Parkridge West Hospital and look forward to working with them in this new capacity.

Sincerely,

2nd Distrct Comm.

SUPPLEMENTAL #1
November 23, 2016
8:19 am

November 10, 2016

Ms. Melanie Hill
Executive Director
State of Tennessee
Health Services & Development Agency
Andrew Jackson Building, Ninth Floor
502 Deadrick Street
Nashville, TN 37243

Re: Certificate of Need Application
Parkridge West Hospital Renovation and Expansion

Dear Ms. Hill:

I am writing this letter to state my support of the Certificate of Need application submitted by Parkridge West Hospital as referenced above.

I am Paul Wayne Evans, Mayor of the Town of Jasper and I have worked with the professionals at Mountainview a number of years.

This facility has faithfully served mental health patients in our community and surrounding areas for the past 8 years. A renovation and bed expansion is needed for Mountainview to continue to serve this growing population. We know this facility runs near or at capacity and additional beds would reduce this problem.

I respectfully request this board grant approval for the bed addition and expansion project application for the reasons stated above.

Sincerely,

Paul W Evans
Mayor Jasper

November 10, 2016

Ms. Melanie Hill
Executive Director
State of Tennessee
Health Services & Development Agency
Andrew Jackson Building, Ninth Floor
502 Deadrick Street
Nashville, TN 37243

Re: Certificate of Need Application
Parkridge West Hospital 8 Bed Conversion

Dear Ms. Hill:

I am writing this letter to state my support of the Certificate of Need application submitted by Parkridge West Hospital as referenced above.

Mountainview has faithfully served mental health patients in our community and surrounding areas since 2008. The conversion of 8 current medical/surgical beds to inpatient psychiatric beds is needed for Mountainview to continue to serve this growing population of individuals with behavioral health needs. I am aware that this facility runs near or at capacity and additional beds would increase the ability to serve our community and surrounding area.

I respectfully request this board grant approval for the 8 bed conversion.

Sincerely,

Marshall A Reine Jr
General Sessions Judge

Parkridge West Hospital
A Facility of Parkridge Medical Center PARKRIDGE HEALTH SYSTEM
ParkridgeHealth.com
1000 Highway 28
Jasper, TN 37347
(423) 837-9500

November 10, 2016

Ms. Melanie Hill
Executive Director
State of Tennessee
Health Services & Development Agency
Andrew Jackson Building, Ninth Floor
502 Deadrick Street
Nashville, TN 37243

Re: Certificate of Need Application
Parkridge West Hospital 8 Bed Conversion

Dear Ms. Hill:

I would like to take this opportunity on behalf of Parkridge West Hospital to garner support for a CON for additional beds.

Mountain View Treatment center has been an invaluable asset to this community as well as others since 2008 in providing outstanding in-patient service for severely mentally ill patients. Unfortunately, we have been running at full or near full capacity most of the time and have been unable to accommodate numerous Hospital and Crisis Response Team requests for hospital admissions.

If you would be kind enough to consider additional capacity of 8 psychiatric beds it would be greatly appreciated.

Sincerely,
Dr. Sarath Gangavarapu

Sarath Gangavarapu MD

November 10, 2016

Ms. Melanie Hill
Executive Director
State of Tennessee
Health Services & Development Agency
Andrew Jackson Building, Ninth Floor
502 Deadrick Street
Nashville, TN 37243

Re: Certificate of Need Application
Parkridge West Hospital 8 Bed Conversion

Dear Ms. Hill:

I am writing this letter to state my support of the Certificate of Need application submitted by Parkridge West Hospital as referenced above.

Mountainview has faithfully served mental health patients in our community and surrounding areas since 2008. The conversion of 8 current medical/surgical beds to inpatient psychiatric beds is needed for Mountainview to continue to serve this growing population of individuals with behavioral health needs. I am aware that this facility runs near or at capacity and additional beds would increase the ability to serve our community and surrounding area.

I respectfully request this board grant approval for the 8 bed conversion.

Sincerely,

C. Nicole Campbell

SUPPLEMENTAL #1
November 23, 2016
8:19 am

November 10, 2016

Ms. Melanie Hill
Executive Director
State of Tennessee
Health Services & Development Agency
Andrew Jackson Building, Ninth Floor
502 Deadrick Street
Nashville, TN 37243

Re: Certificate of Need Application
Parkridge West Hospital Renovation and Expansion

Dear Ms. Hill:

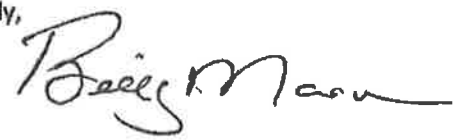
I am writing this letter to state my support of the Certificate of Need application submitted by Parkridge West Hospital as referenced above.

I am Billy Mason, Chief of Police for the Town of Jasper and I have worked with the professionals at Mountainview a number of years.

This facility has faithfully served mental health patients in our community and surrounding areas for the past 8 years. A renovation and bed expansion is needed for Mountainview to continue to serve this growing population. We know this facility runs near or at capacity and additional beds would reduce this problem.

I respectfully request this board grant approval for the bed addition and expansion project application for the reasons stated above.

Sincerely,



November 10, 2016

Ms. Melanie Hill
Executive Director
State of Tennessee
Health Services & Development Agency
Andrew Jackson Building, Ninth Floor
502 Deadrick Street
Cleveland, TN 37311

RE: Certificate of Need Application
Parkridge West Hospital 8 Bed Conversion

Dear Ms. Hill,

On behalf of the Marion County Commissioner's Office, District 4, I am pleased to write this letter of support for Parkridge West Hospital's proposal to convert 8 medical surgical beds to 8 adult psychiatric beds. Parkridge West Hospital has been instrumental in providing valuable medical services to the community and is a respected community partner.

I believe they are in a unique position to improve behavioral health care access and impact the continued rise in behavioral healthcare needs in the community. I fully support the awarding of this CON to Parkridge West Hospital and look forward to working with them in this new capacity.

Sincerely,

Ledger Mack Rice

November 10, 2016

Ms. Melanie Hill
Executive Director
State of Tennessee
Health Services & Development Agency
Andrew Jackson Building, Ninth Floor
502 Deadrick Street
Cleveland, TN 37311

RE: Certificate of Need Application
Parkridge West Hospital 8 Bed Conversion

Dear Ms. Hill,

On behalf of the Marion County Commissioner's Office, District 3, I am pleased to write this letter of support for Parkridge West Hospital's proposal to convert 8 medical surgical beds to 8 adult psychiatric beds. Parkridge West Hospital has been instrumental in providing valuable medical services to the community and is a respected community partner.

I believe they are in a unique position to improve behavioral health care access and impact the continued rise in behavioral healthcare needs in the community. I fully support the awarding of this CON to Parkridge West Hospital and look forward to working with them in this new capacity.

Sincerely,

November 10, 2016

Ms. Melanie Hill
Executive Director
State of Tennessee
Health Services & Development Agency
Andrew Jackson Building, Ninth Floor
502 Deadrick Street
Nashville, TN 37243

Re: Certificate of Need Application
Parkridge West Hospital 8 Bed Conversion

Dear Ms. Hill:

I am writing this letter to state my support of the Certificate of Need application submitted by Parkridge West Hospital as referenced above.

Mountainview has faithfully served mental health patients in our community and surrounding areas since 2008. The conversion of 8 current medical/surgical beds to inpatient psychiatric beds is needed for Mountainview to continue to serve this growing population of individuals with behavioral health needs. I am aware that this facility runs near or at capacity and additional beds would increase the ability to serve our community and surrounding area.

I respectfully request this board grant approval for the 8 bed conversion.

Sincerely,

Samuel F. Hudson
(423) 949-7900

It is noted the local mental health outpatient provider of Mountain Valley is not accepting new patients. Why is the local mental health provider not accepting new patients? Who is Mountain Valley, what services do they offer, and who is their owner?

Mountain Valley, an outpatient behavioral health provider, located in Japser, TN, is owned and operated by Volunteer Behavioral Health Care System. It has been the applicant's experience that Mountain Valley can be limited in its ability to accept new patient referrals due to maximum caseloads for their current resources.

It is noted the applicant's payor mix is 80% TennCare and that mental health case management is a covered TennCare benefit. Please discuss how case management falls into the continuum of care in relation to inpatient psychiatric services. Does every TennCare patient discharged from Parkridge West's inpatient psychiatric unit offered case management services?

Once Parkridge West obtains TennCare credentialing and admits TennCare patients, it will arrange a post-discharge follow-up appointment for each TennCare patient within seven days of discharge. However, post-discharge appointments and case management are not provided by the hospital. They are typically provided by either local Mental Health Centers or other private providers in the patients' home areas.

10. **Section B, Need Item 2**

Please describe the relationship of this project to the applicant facility's long range development plans, if any, and how it relates to related previously approved projects of the applicant.

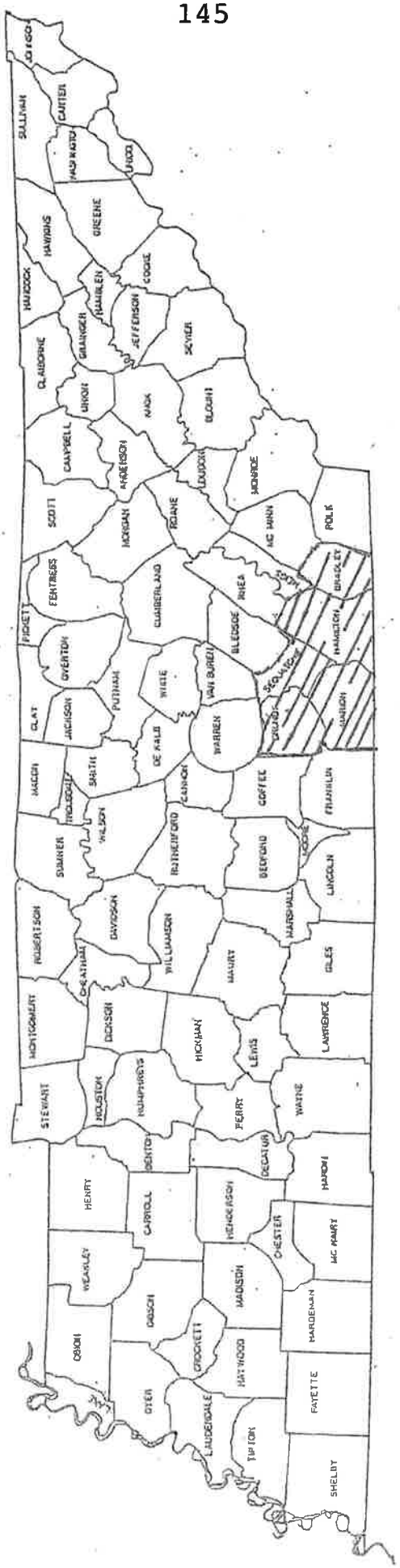
Parkridge West has Intensive Outpatient and/or Partial Hospitalization (IOP/PHP) as part of the 2017 behavioral health growth plan. This will add a continuum of care for adults and will be available for individuals after discharge or as a therapeutic component that may prevent an inpatient admission. It is projected that the treatment focus will be general mental health and dual diagnosis. Specific geriatric IOP and PHP is under review as a potential specialty program.

11. **Section B, Need Item 3**

The county level map of the proposed PSA could not be located. Please provide.

The county level PSA map is Attachment Section B, Need, 3 in the filed application. A duplicate is attached following this response.

SUPPLEMENTAL #1
November 23, 2016
8:19 am



Attachment Section B,
Need, 3

SUPPLEMENTAL #1
November 23, 2016
8:19 am

12. Section B, Need Item 4.A

The referenced population table in Attachment Section B, Need, 4A could not be located. Please provide.

This attachment was included in the filed application. A copy is attached following this response.

SUPPLEMENTAL #1

November 23, 2016

Demographic Variable/ Geographic Area	Department of Health/Health Statistics							Bureau of the Census			TennCare	
	Total Population-Current Year	Total Population-Projected Year	Total Population-% Change	*Target Population-Current Year	*Target Population-Project Year	*Target Population-% Change	Target Population Projected Year as % of Total	Median Age	Median Household Income	Person Below Poverty Level	Person Below Poverty Level as % of Total	TennCare Enrollees	TennCare Enrollees as % of Total
Bradley County	105,549	107,651	1.99%	81,934	83,908	2.41%	78%	39	$41,575	N/A*	19.8%	23,405	22.2%
Grundy County	13,470	13,379	-0.68%	10,588	10,595	0.07%	79%	42.7	$26,856	N/A*	29.1%	4,899	36.4%
Hamilton County	356,156	362,471	1.77%	278,574	283,457	1.75%	78%	39.4	47,880	N/A*	16.0%	71,146	20.0%
Marion County	28,585	28,627	0.15%	22,674	22,804	0.57%	80%	42.9	$40,998	N/A*	20.3%	7,503	26.2%
Sequatchie County	15,835	16,399	3.56%	12,428	12,946	4.17%	79%	41.7	$42,182	N/A*	18.6%	4,175	26.4%
Primary Service Area Total	519,595	528,527	1.72%	406,198	413,710	1.85%	78%	41.1 (avg.)	$39,,898 (avg.)	N/A*	20.8%(avg.)	111,128	21.4%
State of TN Total	6,812,005	6,962,031	2.20%	5,241,318	5,358,064	2.42%	77%	38.3	$44,621	N/A*	17.8%	1,544,840	22.7%

* The Census Bureau website doe not reflect toal population under Poverty Level. It only provides the % of total for the year 2014.

SUPPLEMENTAL #1
November 23, 2016
8:19 am

13. **Section C, Need, Item 6**

The table of the projected utilization on 8 new beds is noted. However, the table is for the 65+ population only. Is this correct since the applicant will serve 18+?

That projection table was mislabeled. Please see the corrected table provided above in response to Question 6.

14. **Section C. Economic Feasibility Item 3 and 4 (Historical and Projected Data Chart)**

The historical data chart for the existing 20 psych beds is noted. Please clarify the reason expense data is not available from March 1, 2014 to December 31, 2014.

The records maintained in the normal course of business do not segregate out the expense data for the psych unit only (not including the ED and outpatient). The applicant was able to segregate these expenses however, and revised Historical Data Charts are attached following this response.

Please remove the duplicate totals for salaries and wages and rent in the Historical and Projected Data Chart and submit new charts.

Revised Projected Data Charts are attached following this response.

15. Section C, Economic Feasibility, Item 6.B. Net Operating Ratio.

The Net Operating Margin Ratio table is noted. However, the ratio of 13.9% for the 1st Year previous to current year appears to be incorrect. Please clarify.

A corrected table is reflected below.

Year	2nd Year previous to Current Year	1st Year previous to Current Year	Current Year	Projected Year 1	Projected Year 2
Net Operating Margin Ratio	N/A (Data is not available, due to the acquisition of the hospital in 2014).	7.9%	18.6%	18.4%	18.4%

16. Section C. Economic Feasibility Item 9

With Parkridge Valley operating under 60% occupancy, won't the proposed project have a significant impact on this facility? Why isn't the alternative of status quo a better option until such time that Parkridge Valley has attained optimal occupancy?

The applicant's location in a rural county provides better access for nearby rural residents than Valley provides. It is important to continue to provide these services to the extent they are utilized and needed, in this rural location.

The proposed additional 8 beds will not have a significant impact on the Parkridge Valley campus. Because of its location just outside of Chattanooga, the surrounding community and clinical professionals desire to treat individuals closer to their home, and this expansion project will create that opportunity. Parkridge Valley has made steps toward attaining optimal occupancy by adding an additional Psychiatrist and additional recruitment of front-line staff which has incrementally increased staffing and attainable occupancy.

Adding capacity at Parkridge West will create an opportunity to serve additional patients who may be unable to go to Parkridge Valley due to staffing coverage and/or geographic location. The additional beds will decrease emergency department wait times, especially in that region, as it will increase Parkridge West's ability to accept these patients.

17. Section C, Contribution to Orderly Development, Item 1

Please clarify if the applicant has a transfer agreement with Moccasin Bend Mental Health Institute.

Parkridge West does not have a transfer agreement with MBMHI. The State has acuity transfer agreements with only three private hospitals in Eastern Tennessee. Patients at Parkridge West and Parkridge Valley that require the level of care provided by MBMHI are evaluated by the Crisis Response Team (CRT) to determine the necessity of a referral. Upon referral from the CRT, patients are entered into MBMHI's que and admitted based on MBMHI's available capacity.

18. **Section C, Contribution to Orderly Development, Item 4**

The applicant's certification as a Medicare Psychiatric Distinct Part Unit is noted. Please define and briefly provide an overview of this certification.

The Medicare DPU is a separately certified unit from the rest of the hospital. It is exempted from the Medicare Prospective Payment System.

19. **Section C, Contribution to Orderly Development, Item 5 B.7. and B.8**

It is noted the applicant is under approximately 23 civil lawsuits. Please clarify is any of the civil lawsuits are associated with Parkridge West's existing inpatient psychiatric unit? If so, please describe.

Parkridge Medical Center, Inc., is one of several plaintiffs in a lawsuit involving numerous healthcare providers and payor reimbursements. It is possible one or more claims at issue in that case relate to a patient treated at Parkridge West for psychiatric services; however we are unable at this time to determine whether any of the accounts at issue relate to inpatient psychiatric services at Parkridge West. Otherwise, none of the lawsuits relate to the existing inpatient psychiatric unit at Parkridge West.

It is noted Parkridge Medical Center entered into a corporate integrity agreement (CIA) with the Office of Inspector General (OIG) on September 14, 2012. Please provide a brief overview of the CIA.

Parkridge Medical Center, Inc., agreed to a five-year CIA as part of a settlement with the OIG relating to a lawsuit that pertained to fair market valuation of real estate. Parkridge is in full compliance with the CIA, and the CIA is not related to inpatient psychiatric services at Parkridge West.

20. **Section C, Contribution to Orderly Development, Item 8**

In review of recent applications for Psychiatric Inpatient Facilities, it appeared empty beds were the result of shortages in psychiatric staff. Why will this project not have the same issues?

Since acquiring the facility in March of 2014, Parkridge West has not experienced difficulties in filling vacant staff positions at the behavioral health unit in Jasper. Parkridge West anticipates that this will continue, regardless of what staffing issues may exist or may arise in Hamilton County. Increasing the psychiatric bed complement by 8 and adjusting the facility's layout will require an increase of staff ranging from 1 to 5 non-physician FTEs, depending on census. The moderate increase in program staffing at Parkridge West will not impact the two other Parkridge locations.

21. Proof of Publication

Please submit a copy of the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit which is supplied by the newspaper as proof of the publication of the letter of intent.

A Publisher's Affidavit is attached following this response.

SUPPLEMENTAL #1
November 23, 2016
8:19 am

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Hamilton

NAME OF FACILITY: Partridge West

I, Melissa Arkin after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

CEO
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 22 day of November, 2016, witness my hand at office in the County of Hamilton, State of Tennessee.

Tiffany Richards
NOTARY PUBLIC

My commission expires March 21, 2020, _____.

TIFFANY RICHARDS
STATE OF TENNESSEE NOTARY PUBLIC
HAMILTON COUNTY

HF-0043

Revised 7/02

LETTER OF INTENT
TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Chattanooga Times Free Press which is a newspaper of general circulation in Marion County, Tennessee, on or before November 10, 2016 for one day.

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This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.,* and the Rules of the Health Services and Development Agency, that Parkridge West Hospital, owned and managed by Parkridge Medical Center, Inc. intends to file an application for a Certificate of Need for the conversion of eight (8) licensed medical surgical beds to eight (8) adult psychiatric beds. The beds will be used to provide acute inpatient psychiatric services to individuals aged eighteen (18) years of age and older. No services are being initiated or discontinued; Parkridge West currently operates 20 licensed adult psychiatric beds. Parkridge West Hospital is located at 1000 Highway 28, Jasper, Marion County, Tennessee, 37347. Parkridge West Hospital is licensed as a general hospital by the Tennessee Department of Health, Board for Licensing Health Care Facilities. The total estimated project cost is $2,184,808.

The anticipated date of filing the application is November 15, 2016.

The contact person for this project is Jerry W. Taylor, Attorney who may be reached at: Burr & Forman, LLP, 511 Union Street, Suite 2300, Nashville, Tennessee, 37219, 615-724-3247; jtaylor@burr.com

Signature _____ Date 11-10-16

The published Letter of Intent contains the following statement: Pursuant to T.C.A. § 68-11-1607(c)(1): (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

==========

*

erlanger

FEB 16'17 AM9:07

February 13, 2017

Ms. Melanie Hill
Executive Director
State of Tennessee
Health Services & Development Agency
Andrew Jackson Building, Ninth Floor
502 Deadrick Street
Nashville, TN 37243

Re: Certificate of Need Application
Parkridge West Hospital Renovation and Expansion

Dear Ms. Hill:

I am writing this letter to state my unanimous support of the Certificate of Need application submitted by Parkridge West Hospital as referenced above. The health care leaders of Erlanger Health System have had a working relationship with the professionals at Mountainview for a number of years.

This facility has faithfully served mental health patients in our community and surrounding areas for the past 8 years. A renovation and bed expansion is needed for Mountainview to continue to serve this growing population. We know this facility runs near or at capacity and additional beds would reduce this problem.

I personally believe that behavioral health is underserved in Tennessee and appreciate providers responding to meet the needs of the citizens in our community and state. I respectfully request this board grant approval for the bed addition and expansion project application for the reasons stated above.

Sincerely,

Kevin M. Spiegel, FACHE
President & CEO Erlanger Health System

cc: Thomas H. Ozburn, FACHE
CEO Parkridge Health System

RULES
OF
HEALTH SERVICES AND DEVELOPMENT AGENCY

CHAPTER 0720-11
CERTIFICATE OF NEED PROGRAM – GENERAL CRITERIA

TABLE OF CONTENTS

0720-11-.01 GENERAL CRITERIA FOR CERTIFICATE OF NEED. The Agency will consider the following general criteria in determining whether an application for a certificate of need should be granted:

(1) Need. The health care needed in the area to be served may be evaluated upon the following factors:

(a) The relationship of the proposal to any existing applicable plans;

(b) The population served by the proposal;

(c) The existing or certified services or institutions in the area;

(d) The reasonableness of the service area;

(e) The special needs of the service area population, including the accessibility to consumers, particularly women, racial and ethnic minorities, TennCare participants, and low-income groups;

(f) Comparison of utilization/occupancy trends and services offered by other area providers;

(g) The extent to which Medicare, Medicaid, TennCare, medically indigent, charity care patients and low income patients will be served by the project. In determining whether this criteria is met, the Agency shall consider how the applicant has assessed that providers of services which will operate in conjunction with the project will also meet these needs.

(2) Economic Factors. The probability that the proposal can be economically accomplished and maintained may be evaluated upon the following factors:

(a) Whether adequate funds are available to the applicant to complete the project;

(b) The reasonableness of the proposed project costs;

(c) Anticipated revenue from the proposed project and the impact on existing patient charges;

(d) Participation in state/federal revenue programs;

(e) Alternatives considered; and

(f) The availability of less costly or more effective alternative methods of providing the benefits intended by the proposal.

(3) Contribution to the Orderly Development of Adequate and Effective Healthcare Facilities and/or Services. The contribution which the proposed project will make to the orderly development of an adequate and effective health care system may be evaluated upon the following factors:

(Rule 0720-11-.01, continued)

(a) The relationship of the proposal to the existing health care system (for example: transfer agreements, contractual agreements for health services, the applicant's proposed TennCare participation, affiliation of the project with health professional schools);

(b) The positive or negative effects attributed to duplication or competition;

(c) The availability and accessibility of human resources required by the proposal, including consumers and related providers;

(d) The quality of the proposed project in relation to applicable governmental or professional standards.

(4) Applications for Change of Site. When considering a certificate of need application which is limited to a request for a change of site for a proposed new health care institution, The Agency may consider, in addition to the foregoing factors, the following factors:

(a) Need. The applicant should show the proposed new site will serve the health care needs in the area to be served at least as well as the original site. The applicant should show that there is some significant legal, financial, or practical need to change to the proposed new site.

(b) Economic factors. The applicant should show that the proposed new site would be at least as economically beneficial to the population to be served as the original site.

(c) Contribution to the orderly development of health care facilities and/or services. The applicant should address any potential delays that would be caused by the proposed change of site, and show that any such delays are outweighed by the benefit that will be gained from the change of site by the population to be served.

(5) Certificate of need conditions. In accordance with T.C.A. § 68-11-1609, The Agency, in its discretion, may place such conditions upon a certificate of need it deems appropriate and enforceable to meet the applicable criteria as defined in statute and in these rules.

Authority: *T.C.A. §§ 4-5-202, 68-11-1605, and 68-11-1609.* ***Administrative History:*** *Original rule filed August 31, 2005; effective November 14, 2005.*

CERTIFICATE OF NEED REVIEW

FOR

CN1611-039

Parkridge West Hospital

1000 Highway 28

Jasper, Tennessee

Marion County

January 31, 2017

The Department of Mental Health and Substance Abuse Services staff have reviewed the application for a Certificate of Need submitted by HCA for the conversion of eight (8) medical surgical beds to eight (8) adult psychiatric beds for patients 18 and older at the Parkridge West Hospital, 1000 Highway 28, Jasper, Tennessee (Marion County).

The Tennessee Department of Health is and will continue to be the licensing agency for Parkridge West Hospital. As the licensing agency, the Department of Health will analyze the standards and criteria and issue the full report. The Department of Mental Health and Substance Abuse Services has reviewed the application to address the need for psychiatric beds, and the staffing and the layout of the related proposed unit and quality standards. Economic feasibility will not be addressed in this review.

1.Scope of Project

This project will include both construction and renovation of existing space to increase the adult psychiatric bed capacity from 20 to 28 beds. The projected cost is $2,184,808 with a projected service initiation date of June, 2018. The 8 beds are currently unstaffed and are located in a 20 bed Medicare certified psychiatric unit in a freestanding building on the existing campus. There will be construction of 3290 sq. ft. for a "bump out" expansion in the existing facility and renovation of 8520 sq. ft. for a total of 11,810 square feet.

Parkridge West Hospital is owned by and is a satellite hospital of Parkridge Medical Center, Inc. through subsidiaries by HCA Holdings, Inc. Project funding will be through cash reserves of

HCA Holdings, Inc. HCA operates 62 behavioral health programs in 17 states. It is ranked as the nation's third largest provider of behavioral health services and all its hospitals are accredited.

Parkridge West will take voluntary admissions and emergency involuntary patients with ALOS of 9-10 days, individuals with co-occurring substance abuse issues and patients with comorbid medical conditions. The project will not serve individuals under 18 years of age nor does it plan to specifically serve individuals with intellectual disabilities. Needs of geriatric patients will be addressed in treatment plans. Intensive outpatient treatment and/or partial hospitalization programs are part of the hospital's 2017 growth plan.

Parkridge West proposes to serve low income population, those with commercial insurance and self-pay and TennCare and Medicare enrollees. There will be service access by women, racial and ethnic minorities as well as medically underserved populations.

Service Area

The project's primary service area is five (5) counties in Tennessee: Bradley, Grundy, Hamilton, Marion, Sequatchie; its secondary service area is Jackson and DeKalb Counties in Alabama. All listed counties are current service areas of Parkridge West Hospital.

2. Analysis

A. Need

Tennessee's Health Guidelines for Growth sets the population-based estimate for the total need for psychiatric inpatient services at 30 beds per 100,000 general population. These Guidelines do not further stratify those numbers for special populations or age groups. The application of the formula sometimes results in an underestimation of the number of inpatient psychiatric beds needed due to a number of factors: bed utilization, willingness of the provider to accept emergency involuntary admission, the extent to which the provider serves the TennCare population and/or the indigent population, the number of beds designated as "specialty" beds or beds designated for specific diagnostic categories. These factors impact the availability of beds for the general population as well as for specialty populations, depending on how the beds are distributed. Other influencing factors include the number of existing beds in the proposed service area, bed utilization and TDMHSAS' support for community services for people to increase family involvement, utilization of the person's community support system and access to aftercare.

For the analysis for this Application, the JAR's definition of staffed beds is used: the total number of adult and pediatric beds set up, staffed and in use at the end of the reporting period. This number should be less-than or equal-to the number of licensed beds.

Outstanding CONs Impacting Supply in Service Area

In July, 2016, HSDA approved a CON application from Erlanger Behavioral Health for the construction of new beds that will serve Parkridge West's same service areas plus other counties in Tennessee and Georgia with twenty-four (24) adult psychiatric beds (and other beds in service mix). Following construction, these beds are scheduled to go on line in June, 2018, the same time as this proposed project. HSDA has also recently approved 15 new beds (10% increase) at MBMHI. Those beds are scheduled to go on line in May, 2017.

Population Based Bed Need Assessment

The Tennessee 2016 primary service area population is 406,198 with a bed need of 121.8 (using the Guidelines for Growth) and a supply of 251 beds (223 adult acute psychiatric, 28 geriatric psychiatric). With the 2020 increase of 14,871 to the projected 2016 Tennessee population, the bed need would be 126 (rounded) beds. In both 2016 and 2020, there is a bed surplus based on population.

In the proposed secondary service area of two Alabama Counties, there is a population of 123,703 with a bed need of 37 and a supply of 18 (gero) beds. No projections are available for 2020 population in these Counties. In 2016, in the Alabama Counties, there is an undersupply of beds.

See Attachment 1 for Population Data and Attachment 2 for Bed Supply.

Chart 1

Tennessee	**Population**	**Need**	**Supply**		
			Adult	**Gero**	**Total**
2016	406,198	121.8	223	28	251
2020	421,069	126			
Alabama					
2016	123,703	37.1		18	18
Total 2016	**529,901**	**158.9**			**269**

Source: 2015 Revised UTCBER Population Projection Services, UT Center for Business and Economic Research, Population Projection Data Files, Reassembled by TDOH.

Existing Beds and Occupancy

Although current Tennessee population-based bed need indicates an oversupply of beds, other factors are relevant for consideration. The staffed bed occupancy rates for Hamilton County mental health hospitals is 82.8% (total occupancy rates for inpatient psychiatric facilities in the service area have increased from 63.9% in 2012 to 74.5% in 2014) and for MBMHI, 91.1% indicating that these facilities are consistently operating at or near full capacity. In total, the area adult psychiatric hospitals have an average 76.4% occupancy rate (2015). Parkridge West's year to date occupancy reported in October 2016, was 87%, a very high utilization. Even with the

additional beds, the Applicant projects an 80.5% occupancy rate in Year 1 and an 83.3% rate in Year 2. Note that a breakdown of specialty bed use is not consistently available since hospitals frequently categorize admissions with chemical dependency, detox and geriatric patients to an adult unit. The utilization of existing resources appears to show that the service area could currently support additional resources.

Potential Referrals

Data obtained from the TDMHSAS Office of Crisis Services (TDMHSAS 2015 Crisis Services Data) shows a growing need for inpatient psychiatric beds for individuals assessed by professionals who are department crisis services providers. Volunteer Behavioral Health Care System is the crisis service provider for Parkridge West's proposed Tennessee Service Area and provides mobile crisis services, a walk-in center and a crisis stabilization unit with 15 beds. During FY 2015, Volunteer provided 3824 crisis assessments in the proposed service area; 1298 were hospitalized at MBMHI and 427 in private hospitals. The majority in each category came from Hamilton County where 2764 assessments were completed; 998 were hospitalized at MBMHI and 211 in private hospitals.

The Applicant reports that 171 persons were denied admission to their current psychiatric beds solely because of a lack of bed (January through September, 2016). When beds are not available, the Applicant routinely refers to Parkridge Valley Adult and Senior Services in Hamilton County but has no data on whether those individuals were admitted nor their admission legal status.

According to Tennessee Suicide Prevention Network data, there were 65 suicides in the proposed primary service area in 2014: 38 in Hamilton County and 27 in the other four counties.

Access

The Applicant reports that individuals in the proposed service area who require psychiatric services often have difficulty accessing those services due to lack of transportation and insufficient economic means to travel far distances for acute psychiatric care. Any transportation to Parkridge West is expected to be by ambulance, personal vehicle and TennCare transport.

The project will provide locally accessible inpatient behavioral health programs for persons not now receiving such care because of unwillingness or inability to drive long distance to other Tennessee cities whose providers do offer such care as well as to those who do drive long distance to existing resources. The applicant considers improved accessibility for service area residents to be the most significant positive effect of this proposed facility. Services at the proposed Parkridge West facility will allow service access close to home, family, personal physician, outpatient service provider and other supports. Providing services to individuals in the community in which they live is a concept that TDMHSAS continues to support.

B. Quality Standards

The Applicant operates under the hospital license of Parkridge Medical Center which is contracted with all TennCare MCOs in the region. The Applicant expects to additionally apply for credentialing by TennCare for Parkridge West. Parkridge West is already certified for Alabama Medicaid and will continue accreditation from The Joint Commission and licensure from the Department of Health and as such would meet quality measures of the state health plans required under TCA Section 68-11-1609(b). The facility currently does not have outstanding deficiencies.

C. Contribution to the Orderly Development of Health Care

Parkridge Medical Center, Inc. is a plaintiff in a lawsuit involving numerous health care providers and payers regarding reimbursement. The Applicant was unable to determine whether any of the accounts at issue related to inpatient psychiatric services at Parkridge West. Parkridge West believes that none of the lawsuits are related to the existing inpatient psychiatric unit at Parkridge West. Additionally, Parkridge Medical Center, Inc. agreed to a five-year corporate integrity agreement (CIA) with the Office of Inspector General in 2012. This was part of a settlement related to fair market valuation of real estate. Parkridge Medical Center is in compliance but the Applicant reports that the CIA is not related to inpatient psychiatric services at Parkridge West.

Staffing and Recruitment

In testimony in a recent HSDA hearing for a proposed CON for Erlanger Behavioral Health, shortages in psychiatric staff, particularly in Hamilton County, were noted by Parkridge Valley Adult and Senior Services. However, the Applicant has not experienced problems in filling vacant staff positions for the behavioral health unit in Jasper. Additionally, the addition of 8 beds will not require any new physicians (Medical Director is a psychiatrist) and will only require an increase of staff from 1-5 non-physician FTEs, depending on census. Two other psychiatrists in the Parkridge system rotate through the Parkridge West unit as needed.

The proposed staffing pattern appears to be adequate. Although the proposed salaries for technicians and some clinical staff appear low, they are within the local hiring practices.

Proposed Units

The current facility uses two hallways with 10 beds in semi-private rooms. The proposed layout would increase the beds on each hallway by 4 beds in 2 new semi-private rooms. The hallways are separated by a nurse's station, medication room and group and activity rooms. The layout continues to be efficient with the additional beds. There are 2 group rooms and an outdoor recreation area. Upon completion, there will be 5 multipurpose activity rooms which allow for

flexibility in offering treatment to specific patient populations as indicted. The physical plant renovation appears adequate and appropriate for its purpose.

Parkridge West does not intend to have specialized programs per se but rather to tailor treatment through specific components in treatment plans for any special population need including geriatric and young adult.

Effect on Existing Providers and Resources

The Applicant does not anticipate any negative effect of the proposed construction/renovation on the health care system. The Applicant does not expect to have any negative impact on Moccasin Bend Mental Health Institute (MBMHI) which has a 91.1 % occupancy rate and if Parkridge West accepts emergency involuntary admissions who are indigent, Medicare or TennCare enrollees, the admission and occupancy rate of the state hospital could be reduced. If the facility accepts individuals who require acute psychiatric care without regard to the payor source, and those needing involuntary hospitalization, it should be an asset to the health care system. The current occupancy rates in the service area warrants additional bed options.

The Applicant also does not expect a negative impact on its sister hospital, Parkridge Valley Adult and Senior Services, located just outside of Chattanooga. That facility has under 60% occupancy; however, that rate has been rising with the addition of a psychiatrist and other front-line staff. The Applicant believes this project addresses patients unable to go to Parkridge Valley Adult and Senior Services either due to staffing coverage and/or geographic location.

State Health Plan

This project supports access to specialized healthcare for adults seeking mental health treatment. It also proposes to provide access to services to medically underserved and low income populations, those needing involuntary emergency hospitalization and those with TennCare, Medicare and Alabama Medicaid. Inpatient psychiatric services are reserved for situations when the safety of the patient and/or others cannot be guaranteed in a less restrictive setting and provide an opportunity to plan for on-going community services to prevent the need for future inpatient services. The Applicant also proposes to participate in professional training for behavioral health professionals and to continue licensure, certification and accreditation.

Training

The Applicant does not list any affiliations with academic institutions for staff recruitment or training specifically for the Parkridge West site. It does utilize the agreements with UT-Chattanooga, Southern Adventist University and Chattanooga State made through the parent organization for internships for social work, nursing and medicine at the bachelor's level, master's level, mid-level practitioners and physicians. There are also clinical rotations and a nurse residency program for nursing students and graduates interested in pursuing a career in

behavioral health nursing and medicine. Parkridge West intends to explore other institutional partnerships in the future.

Letters of Support or Opposition

The application contained letters of support from several Marion County district county commissioners, the Mayor of Jasper, a Marion County General Session judge, a physician from Parkridge West Hospital, Chief of Police for Jasper, and two other individuals not identified with affiliation with an organization. There were no letters identified from proponents from other counties in the proposed service area.

Working Relationship with Existing Service Providers

Parkridge West has a positive, long term relationship with Volunteer Behavioral Health Care System (Volunteer) and with private practitioners in the area. Volunteer makes referrals to Parkridge West for hospitalization and Parkridge West refers to Volunteer for outpatient services. A satellite office of Volunteer, Mountain Valley, is located in Jasper and Volunteer operates other satellite offices in the proposed Service Area. None of those offices have a wait list for services and requests for appointments are normally addressed on same day.

The Applicant does not list any transfer agreements with other providers. However, Parkridge West does transfer/refer to other hospitals in the Parkridge family of hospitals.

3. CONCLUSIONS

TDMHSAS supports the conversion of 8 medical beds to 8 acute adult psychiatric beds at Parkridge West Hospital. To the extent that Parkridge West Hospital is broadly accessible to low income and indigent patients, will accept involuntary patients, and will serve TennCare and Medicare patients, it will contribute to the availability of a continuum of psychiatric services. The project will provide locally accessible inpatient behavioral health programs for persons not now receiving such care because of unwillingness or inability to drive long distance to other Tennessee cities whose providers do offer such care as well as to those who do drive long distance to existing resources.

It should be noted that 24 new acute adult psychiatric beds are scheduled to begin service at Erlanger Behavioral Health in Chattanooga at the same time as this project; 15 new beds are scheduled to go on line at MBMHI in May, 2017. MBMHI serves all the counties of East Tennessee.

This project adds only eight beds and will primarily serve a rural area where Erlanger is more likely to serve a more urban area and MBMHI will serve a much broader area. High occupancy rates in the area and the number of referrals for inpatient care support a need for more beds in the proposed Service Area.

Parkridge West proposes to continue to meet the standards for licensure by DOH, certification by CMS and accreditation by The Joint Commission.

Attachment 1

Tennessee Population (18+)		
	2016	**2020**
Bradley	81,934	85,865
Hamilton	278,574	288,264
Grundy	10,588	10,568
Marion	22,674	22,930
Sequatchie	12,428	13,442
Total	**406,198**	**421,069**

Source: 2015 Revised UTCBER Population Projection Services, UT Center for Business and Economic Research, Population Projection Data Files, Reassembled by TDOH.

Secondary Service Area Population (18+) 2016*	
	Population
DeKalb, AL	70,940
Jackson, AL	52,763
Total	**123,703**

*Projected 2020 Population unavailable.

Source: U.S. Census Bureau, 2010

Attachment 2

Tennessee Primary Service Area Staffed Beds – Ages 18+			
	Adult	**Gero**	**Bed Total**
Tennova – Cleveland	21		21
MBMHI	150		150
Parkridge Valley			
Adult & Senior Services	32	16	48
Erlanger North		12	12
Parkridge West	20		20
Total	**223**	**28**	**251**

Source: 2015 JAR

CERTIFICATE OF NEED
REVIEWED BY THE DEPARTMENT OF HEALTH
DIVISION OF POLICY, PLANNING AND ASSESSMENT
615-741-1954

DATE: January 31, 2017

APPLICANT: Parkridge West Hospital
1000 Highway 28
Jasper, Tennessee 37347

CONTACT PERSON: Jerry Taylor, Esquire
511 Union Street, Suite 2300
Nashville, Tennessee 37219

COST: $2,184,808

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:
Parkridge West Hospital, owned and managed by Parkridge Medical Center, Inc., seeks Certificate of Need (CON) approval for the conversion of eight licensed medical surgical beds to eight adult psychiatric beds. The beds will be used to provide acute inpatient psychiatric services to individuals aged eighteen years of age and older. No new services are being initiated and no services are being discontinued. Parkridge currently operates twenty licensed adult psychiatric beds.

The project involves the renovation of 8,520 square feet of space at a cost of $596,400 or $70 per square foot; and construction of 3,290 square feet of new space at a cost of $921,200 or $280 per square foot. Total renovation and construction is 11,810 square feet at a cost of $128.50 per square foot.

Parkridge West Hospital is a satellite hospital of Parkridge Medical Center, and operates under its license. The corporate owner is Parkridge Medical Center, which is ultimately owned through several subsidies by HCA Holdings, Inc. An organizational chart is attached as Attachment Section A-4A(2).

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan.*

NEED:

HCA acquired and began operating Parkridge West effective March 1, 2014. There has been a strong and steady growth in the utilization of psychiatric inpatient beds. The year to date occupancy of the existing psychiatric beds has averaged 87%. Parkridge serves a significant number of patients from the rural areas west of Hamilton County. By expanding their psychiatric bed capacity, Parkridge can better serve this population and improve access to service area residents.

Parkridge states they are currently not staffing 50 medical/surgical beds. Converting eight medical/surgical beds to psychiatric beds is a better and more efficient use of resources. Parkridge West needs the resources to serve adults needing inpatient psychiatric care in the designated

service area of Bradley, Grundy, Hamilton, Marion, and Sequatchie counties. Occupancy has been steadily growing since HCA took over in 2014. In 2015, occupancy was 81%; the occupancy in 2015 within the 20 bed psych unit is 87%. All of Parkridge West's psych beds are semi-private, so gender and age compatibility issues make the availability of beds even lower than the 80%+ occupancy rate might otherwise suggest. According to the applicant, many admissions must be denied due to lack of available beds. Year to date September 2016, 171 admissions have been denied due solely to lack of available beds. Annualized, the number of denied admissions will be 228 for the year 2016. These denied admissions alone constitute 72% of the project Year admissions for this project.

Additional capacity will allow Parkridge West to admit TennCare enrollees. Parkridge West is in network with all TennCare MCOs in the region. When HCA acquired the facility and began operating it in March 2014 the psychiatric distinct part unit (DPU) was not a credentialed provider. Because of this, and due to lack of capacity at Parkridge West, TennCare enrollees presenting at Parkridge West have been referred to its sister facility Parkridge Valley and Senior Services. Parkridge West is committed to being a TennCare provider and has projected that their Year 1 payor mix or the 8 bed addition will be 80% TennCare.

The follow table illustrates the 18+ population in the applicant's designated service area projected from 2017 to 2019.

Service Area 18+ Population Projection 2017-2019

	2017	**2019**	**% Increase**
Bradley	82,910	84,868	2.4%
Grundy	10,606	10,588	-0.2%
Hamilton	281,055	285,843	1.7%
Marion	22,738	22,880	0.6%
Sequatchie	12,698	13,187	3.9%
Total	**410,007**	**417,366**	**1.8%**

Tennessee Population Projections 2000-2020, 2015 Revised UTCBER, Tennessee Department of Health

The Department of Health, Division of Policy, Planning, and Development calculated the 2017 need to bed need to be 123 and 2019 bed need to 125.2. When subtracting the 316 existing beds in the service area, the bed need is -193 beds in 2017 and -190.8 beds in 2019.

The following table shows the existing adult psychiatric bed utilization and occupancy in 2015.

Facility	**County**	**Total Adult Psych Beds**	**Adult Admits**	**Total Days**	**Occupancy**
Erlanger North	Hamilton	12	249	3,549	81%
Parkridge Valley	Hamilton	48	1,602	10,373	59%
Parkridge West	Marion	20	568	5,914	81%
Moccasin Bend MHI	Hamilton	150	3,442	49,580	91%
Skyridge Westside	Bradley	30	751	3,105	28%
Total		**260**	**6,612**	**72,521**	**76.4%**

The applicant projects the following utilization for years one and two for the 28 bed unit.

	Year One	**Year Two**
Total Admissions	962	1,044
ALOS	8.61	8.2

Patient Days	8,222	8,515
Occupancy	80.5%	83.3%

Erlanger Behavioral Health CN1603-012A was recently approved for an additional 36 adult and geriatric beds psychiatric beds.

TENNCARE/MEDICARE ACCESS:
The applicant participates in both the Medicare and Medicaid/TennCare programs. The applicant contracts with TennCare MCOs AmeriGroup, United Healthcare Community Plan, BlueCare, and TennCare Select.

The applicant projects first year for Medicare revenues of for the 8-bed project of $1,131,956 or 12.5% of total gross revenues and Medicaid/TennCare revenues of $7,244,520 or 80% of total gross revenues.

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:
The Department of Health, Division of Policy, Planning, and Assessment have reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine if they are mathematically accurate and if the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

Project Costs Chart: The Project Costs Chart is located on page 29 of the application. The total estimated project cost is $2,184,808.

Historical Data Chart: The Historical Data Chart is located in Supplemental 1. In the Historical Data Chart for the total facility , the applicant reports 7,587, 6,247, and 5,331 discharge days in 2014, 2015, and 2016, with net operating income of ($3,056,944), ($2,291,146) and $81,384 each year, respectively.

In the Historical Data Chart for the 20 psych beds only the applicant reported 4,185, 6,247, and 5,331 discharge days in 2014, 2015, and 2016 with net operating revenues of $228,838, $364,325, and $931,549 each year, respectively.

Projected Data Chart: In the Projected Data Chart in Supplemental 1 for the total facility the applicant projects 8,222 days and 8,515 patient days in years one and two with net operating income of $1,158,619 and $1,241,554 each year, respectively.

In the Projected Data Chart for the 8 psych bed only addition, the applicant projects 1,825 and 2,008 patient days in years one and two with net operating income of $57,128 and $137,382 each year, respectively.

The follow is the applicant's projected year one payor mix for the existing for the entire 28-bed adult psych unit.

Year One 28 Bed Psych Unit

Medicare/Medicare Managed Care	$16,678,333	46.2%
Tenn/Medicaid	$9,458,275	26.2%
Alabama Medicaid	$3,898,831	10.8%
Commercial/Other Managed Care	$5,451,143	15.1%
Self-Pay	0	0%

Charity Care	$108,301	.3%
Other: Champus, HIX	$505,404	1.4%
Total	$36,100,288	100%

Year 1 8-Bed Psych Only

Medicare/Medicare Managed Care	$1,131,956	12.5%
Tenn/Medicaid	$7,244,520	80%
Alabama Medicaid	$262,614	2.9%
Commercial/Other Managed Care	$371,282	4.1%
Self-Pay	0	0%
Charity Care	$27,166	.3%
Other:Champus, HIX	$18,111	.2%
Total	$36,100,288	100%

Average Gross, Deduction, and Net Charges

	Previous Year	**Current Year**	**Year 1**	**Year 2**	**% Change**
Gross Charge	$3,976.40	$4,227.70	$4,962	$5,357	26.7%
Deduction from Revenue	$3,132.01	$3,263.81	$4,340	$4,728.26	44.9%
Average Net Charge	$844.38	$963.77	$963.77	$	-20.4%

The current and year one staff is proved below.

	Existing FTEs	Projected FTEs Year 1
Director	1.0	1.0
RN	12.6	14.7
Mental Heal Tech	8.4	10.5
Social Worker	1.7	2.5
Recreation Therapist	1.0	1.5
Unit Secretary	1.0	1.0
Total Employees	25.7	31.2

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:
Parkridge West does not require a transfer agreement. Any ancillary health service required by Parkridge West can be accessed from within the Parkridge Health System.

The applicant believes the positive effect of this project is the additional capacity will allow Parkridge West to serve patients who are currently being denied admission due to lack of available beds. From September of 2016, Parkridge West reports they had to deny admission to 171 patients due to lack of a bed. Annualized, this accumulates to 228 denials in 2016, or 72% of the projected admissions to the proposed new beds. The additional capacity will allow the Parkridge DPU to become a credentialed site by TennCare and allow TennCare enrollees to be served.

Parkridge West's proposed project should not have a major impact on existing providers. The applicant states most of the admissions being denied at Parkridge West are referred to its sister facility, Parkridge Valley.

The additional 36 adult and geriatric psych beds approved in Hamilton County (Erlanger Behavioral Health CN1603-012A) should not be impacted by this project. The Erlanger Behavioral Health project will serve a much larger geographic area than the five county PSA proposed in this 8 bed project.

This project will require no additional psychiatrists, only 5.5 FTEs non-physician staffing.

Parkridge Health System's behavioral health line offers internships for students pursuing education in social work, behavioral health, nursing, and medicine at the bachelor's level, master's level and mid-level practitioners and physicians. It also offers clinical rotations and nurse residency programs for nursing student and graduates interested in behavioral health and nursing. Parkridge psychiatrists serve as preceptors for students pursuing their nurse practitioner license as we as residency opportunities for psychiatry students. These partnerships are with the University of Tennessee Chattanooga, Southern Adventist University, and Chattanooga State.

Parkridge West is licensed by the Tennessee Department of Health, Board for Licensing Healthcare Facilities; Certification: (e.g. Medicare SNF, Medicare LTAC, etc.): Medicare psychiatric Distinct Part Unit (DPU). The Joint Commission.

Parkridge Medical Center is a party in approximately 23 civil lawsuits involving numerous healthcare providers and payor reimbursements. It is possible one or more of the claims at issue in that case relate to a patient treated at Parkridge West for psychiatric services. However, they are unable at this time to determine whether any of the accounts at issue relate to inpatient psychiatric services at Parkridge West.

Parkridge Medical Center, Inc. agreed to a five year CIA as part of a settlement with OIG relating to a lawsuit that pertained to a fair market valuation of real estate. Parkridge is in full compliance with the CIA, and it is not related to inpatient psychiatric services at Parkridge West.

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan.*

STATE OF TENNESSEE

STATE HEALTH PLAN
CERTIFICATE OF NEED STANDARDS AND CRITERIA

FOR

Psychiatric Inpatient Services

The Health Services and Development Agency (HSDA) may consider the following standards and criteria for applications seeking to provide psychiatric inpatient services. Rationale statements are provided for standards to explain the Division of Health Planning's (Division) underlying reasoning and are meant to assist stakeholders in responding to these Standards and to assist the HSDA in its assessment of certificate of need (CON) applications. Existing providers of psychiatric inpatient services are not affected by these Standards and Criteria unless they take an action that requires a new CON for such services.

These Standards and Criteria are effective immediately upon approval and adoption by the Governor. However, applications to provide psychiatric inpatient services that are deemed complete by the HSDA prior to the approval and adoption of these Standards and Criteria shall be considered under the Guidelines for Growth, 2000 Edition.

The Certificate of Need Standards and Criteria serve to uphold the Five Principles for Achieving Better Health set forth by the State Health Plan. Utilizing the Five Principles for Achieving Better Health during the development of the CON Standards and Criteria ensures the protection and promotion of the health of the people of Tennessee. The State Health Plan's Five Principles for Achieving Better Health are as follows:

Standards and Criteria

1. **Determination of Need:** The population-based estimate of the total need for psychiatric inpatient services is a guideline of 30 beds per 100,000 general population, using population estimates prepared by the TDH and applying the applicable data in the Joint Annual Report (JAR). These estimates represent gross bed need and shall be adjusted by subtracting the existing applicable staffed beds including certified beds in outstanding CONs operating in the area as counted by the TDH in the JAR. For adult programs, the age group of 18-64 years shall be used in calculating the estimated total number of beds needed; additionally, if an applicant proposes a geriatric psychiatric unit, the age range 65+ shall be used. For child inpatients, the age group is 12 and under, and if the program is for adolescents, the age group of 13-17 shall be used. The HSDA may take into consideration data provided by the applicant justifying the need for additional beds that would exceed the guideline of 30 beds per 100,000 general population. Special consideration may be given to applicants seeking to serve child, adolescent, and geriatric inpatients. Applicants may demonstrate limited access to services for these specific age groups that supports exceeding the guideline of 30 beds per 100,000 general population. An applicant seeking to exceed this guideline shall utilize TDH and TDMHSAS data to justify this projected need and support the request by addressing the factors listed under the criteria "Additional Factors".

   The applicant calculated -194.1 for 2016 and -191.9 in 2018 using 2016 and 2018 population series.

   The following table shows the existing adult psychiatric bed utilization and occupancy in 2015.

   The Department of Health, Division of Policy, Planning, and Development calculated the 2017 need to bed need to be 123 and 2019 bed need to 125.2. When subtracting the 316 existing beds in the service area, the bed need is -193 beds in 2017 and -190.8 beds in 2019.

Facility	***County***	***Total Adult Psych Beds***	***Adult Admits***	***Total Days***	***Occupancy***
Erlanger North	*Hamilton*	*12*	*249*	*3,549*	*81%*
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Moccasin Bend MHI	*Hamilton*	*150*	*3,442*	*49,580*	*91%*
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Total		***260***	***6,612***	***72,521***	***76.4%***

The applicant projects the following utilization for years one and two for the 28 bed unit.

	Year One	***Year Two***
Total Admissions	*962*	*1,044*
ALOS	*8.61*	*8.2*
Patient Days	*8,222*	*8,515*
Occupancy	*80.5%*	*83.3%*

2. Additional Factors: An applicant shall address the following factors:

a. The willingness of the applicant to accept emergency involuntary and non-emergency indefinite admissions;

The applicant will accept emergency involuntary admissions.

b. The extent to which the applicant serves or proposes to serve the TennCare population and the indigent population;

The applicant is in network will all TennCare MCOs in the region.

When HCA acquired the facility and began operating it in March 2014 the psychiatric distinct part unit (DPU) was not a credentialed provider. Because of this, and due to lack of capacity, at Parkridge West, TennCare enrollees presenting at Parkridge West have been referred to its sister facility Parkridge Valley and Senior Services. Parkridge West is committed to being a TennCare provider and has projected that their Year 1 payor mix or the 8 bed addition will be 80% TennCare.

c. The number of beds designated as "specialty" beds (including units established to treat patients with specific diagnoses)

The beds at Parkridge will be designated as adult psychiatric beds, aged 18+.

d. The ability of the applicant to provide a continuum of care such as outpatient, intensive outpatient treatment (IOP), partial hospitalization, or refer to providers that do;

Parkridge West plans to implement IOP and/or partial hospitalization in 2017. Currently, patients needing these services are referred to Parkridge Valley or other providers.

e. Psychiatric units for patients with intellectual disabilities

The admission will be determined on a case by case basis by the psychiatrist. If an admission is deemed not appropriate, Parkridge would transfer to an appropriate provider, including but not limited to Moccasin Bend MHI.

f. Free standing psychiatric facility transfer agreements with medical inpatient facilities;

Parkridge is not a free-standing psychiatric facility. Parkridge West is operated under the license of Parkridge Medical Center,

g. The willingness of the provider to provide inpatient psychiatric services to all populations (including those requiring hospitalization on an involuntary basis, individuals with co-occurring substance use disorders, and patients with comorbid medical conditions); and

Parkridge does and will accept involuntary admissions, and patients with dual diagnoses.

h. The applicant shall detail how the treatment program and staffing patterns align with the treatment needs of the patients in accordance with the expected length of stay of the patient population.

Parkridge West is for short-stay acute patients diagnosed with a psychiatric condition. Staffing levels and patterns will be appropriate to meet the needs of the patient population.

i. Special consideration shall be given to an inpatient provider that has been specially contracted by the TDMHSAS to provide services to uninsured patients in a region that would have previously been served by a state operated mental health hospital that has closed.

N/A

j. Special consideration shall be given to a service area that does not have a crisis stabilization unit available as an alternative to inpatient psychiatric care.

N/A

3. Incidence and Prevalence: The applicant shall provide information on the rate of incidence and prevalence of mental illness and substance use within the proposed service area in comparison to the statewide rate. Data from the TDMHSAS or the Substance Abuse and Mental Health Services Administration (SAMHSA) shall be utilized to determine the rate. This comparison may be used by the HSDA staff in review of the application as verification of need in the proposed service area.

See Attachment Section B. Need. 1, (3) of the application.

4. Planning Horizon: The applicant shall predict the need for psychiatric inpatient beds for the proposed first two years of operation.

A two year planning horizon was used for this project.

Service Area 18+ Population Projection 2017-2019

	2017	***2019***	***% Increase***
Bradley	*82,910*	*84,868*	*2.4%*
Grundy	*10,606*	*10,588*	*-0.2%*
Hamilton	*281,055*	*285,843*	*1.7%*
Marion	*22,738*	*22,880*	*0.6%*
Sequatchie	*12,698*	*13,187*	*3.9%*
Total	***410,007***	***417,366***	***1.8%***

Tennessee Population Projections 2000-2020, 2015 Revised UTCBER, Tennessee Department of Health

5. Establishment of Service Area: The geographic service area shall be reasonable and based on an optimal balance between population density and service proximity of the applicant. The socio-demographics of the service area and the projected population to receive services shall be considered. The proposal's sensitivity and responsiveness to the special needs of the service area shall be considered, including accessibility to consumers, particularly women, racial and ethnic minorities, low income groups, other medically underserved populations, and those who need services involuntarily. The applicant may also include information on patient origination and geography and transportation lines that may inform the determination of need for additional services in the region.

Applicants should be aware of the Bureau of TennCare's access requirement table, found under "Access to Behavioral Health Services" on pages 93-94 at http://www.tn.gov/assets/entities/tenncare/attachments/operationalprotocol.pdf.

The applicant's service area consists of Bradley, Grundy, Hamilton, Marion, and Sequatchie counties.

6. Composition of Services: Inpatient hospital services that provide only substance use services shall be considered separately from psychiatric services in a CON application; inpatient hospital services that address co-occurring substance use/mental health needs shall be considered collectively with psychiatric services. Providers shall also take into account concerns of special populations (including, e.g., supervision of adolescents, specialized geriatric, and patients with comorbid medical conditions).

The composition of population served, mix of populations, and charity care are often affected by status of insurance, TennCare, Medicare, or TriCare; additionally, some facilities are eligible for Disproportionate Share Hospital payments based on the amount of charity care provided, while others are not. Such considerations may also result in a prescribed length of stay.

Parkridge West does not have dedicated substance abuse beds or units. , but does accept patients with dual diagnosis of mental health and substance abuse.

Parkridge West takes into account the needs of geriatric patients in its treatment plans.

Parkridge does not accept adolescent patients.

The applicant does admit patients with co-morbidities. Parkridge West is located adjacent to a full service ED and in addition, a hospitalist makes rounds daily. If a transfer is necessary, the patient can be transferred to Parkridge Medical center or another provider.

7. **Patient Age Categorization:** Patients should generally be categorized as children (0-12), adolescents (13-17), adults (18-64), or geriatrics (65+). While an adult inpatient psychiatric service can appropriately serve adults of any age, an applicant shall indicate if they plan to only serve a portion of the adult population so that the determination of need may be based on that age-limited population. Applicants shall be clear regarding the age range they intend to serve; given the small number of hospitals who serve younger children (12 and under), special consideration shall be given to applicants serving this age group. Applicants shall specify how patient care will be specialized in order to appropriately care for the chosen patient category.

   Parkridge will serve patients 18+ years of age.

8. **Services to High-Need Populations:** Special consideration shall be given to applicants providing services fulfilling the unique needs and requirements of certain high-need populations, including patients who are involuntarily committed, uninsured, or low-income.

9. **Relationship to Existing Applicable Plans; Underserved Area and Populations:** The proposal's relationships to underserved geographic areas and underserved population groups shall also be a significant consideration. The impact of the proposal on similar services in the community supported by state appropriations shall be assessed and considered; the applicant's proposal as to whether or not the facility takes voluntary and/or involuntary admissions, and whether the facility serves acute and/or long-term patients, shall also be assessed and considered. The degree of projected financial participation in the Medicare and TennCare programs shall be considered.

   Grundy, Sequatchie, and Marion counties ate all MUA. Portions of Bradley County are MUA.

   The project should not have a negative impact on Moccasin Bend MHI.

   Parkridge West accepts voluntary and involuntary admissions and serves acute psychiatric patients. The ALOS is 9-10 days. The patients are not expected to be long term.

Medicare/Medicare Managed Care	*$1,131,956*	*12.5%*
Tenn/Medicaid	*$7,244,520*	*80%*

Relationship to Existing Similar Services in the Area: The proposal shall discuss what similar services are available in the service area and the trends in occupancy and utilization of those services. This discussion shall also include how the applicant's services may differ from existing services (e.g., specialized treatment of an age-limited group, acceptance of involuntary admissions, and differentiation by payor mix). Accessibility to specific special need groups shall also be discussed in the application.

Facility	***County***	***Total Adult Psych Beds***	***Adult Admits***	***Total Days***	***Occupancy***
Erlanger North	*Hamilton*	*12*	*249*	*3,549*	*81%*
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Skyridge Westside	*Bradley*	*30*	*751*	*3,105*	*28%*
Total		***260***	***6,612***	***72,521***	***76.4%***

10. Expansion of Established Facility: Applicants seeking to add beds to an existing facility shall provide documentation detailing the sustainability of the existing facility. This documentation shall include financials, and utilization rates. A facility seeking approval for expansion should have maintained an occupancy rate for all licensed beds of at least 80 percent for the previous year. The HSDA may take into consideration evidence provided by the applicant supporting the need for the expansion or addition of services without the applicant meeting the 80 percent threshold. Additionally, the applicant shall provide evidence that the existing facility was built and operates, in terms of plans, service area, and populations served, in accordance with the original project proposal.

October YTD 2016 87%
2015 81%

Parkridge West is financially stable.

11. Licensure and Quality Considerations: Any existing applicant for this CON service category shall be in compliance with the appropriate rules of the TDH and/or the TDMHSAS. The applicant shall also demonstrate its accreditation status with the Joint Commission, the Commission on Accreditation of Rehabilitation Facilities (CARF), or other applicable accrediting agency. Such compliance shall provide assurances that applicants are making appropriate accommodations for patients (e.g., for seclusion/restraint of patients who present management problems and children who need quiet space). Applicants shall also make appropriate accommodations so that patients are separated by gender in regards to sleeping as well as bathing arrangements. Additionally, the applicant shall indicate how it would provide culturally competent services in the service area (e.g., for veterans, the Hispanic population, and LBGT population).

Parkridge West is accredited by The Joint Commission. Appropriate age and gender separations are and will be observed and have been taken into account in patient rooms, bathrooms, activity rooms, and recreation areas. Seclusion rooms are provided. Services are provided with cultural sensitivity. Translation services are provided.

12. Institution for Mental Disease Classification: It shall also be taken into consideration whether the facility is or will be classified as an Institution for Mental Disease (IMD). The criteria and formula involve not just the total number of beds, but the average daily census (ADC) of the inpatient psychiatric beds in relation to the ADC of the facility. When a facility is classified as an IMD, the cost of patient care for Bureau of TennCare enrollees aged 21-64 will be reimbursed using 100 percent state funds, with no matching federal funds provided; consequently, this potential impact shall be addressed in any CON application for inpatient psychiatric beds.

Parkridge West is classified as an IMD. The projected TennCare revenue Year one is $7,244,520.

13. Continuum of Care: Free standing inpatient psychiatric facilities typically provide only basic acute medical care following admission. This practice has been reinforced by Tenn. Code Ann. § 33-4-104, which requires treatment at a hospital or by a physician for a physical

disorder prior to admission if the disorder requires immediate medical care and the admitting facility cannot appropriately provide the medical care. It is essential, whether prior to admission or during admission that a process be in place to provide for or to allow referral for appropriate and adequate medical care. However, it is not effective, appropriate, or efficient to provide the complete array of medical services in an inpatient psychiatric setting.

Parkridge West does admit patients with co-morbidities. Parkridge West is located adjacent to a full service ED and in addition, a hospitalist makes rounds daily. If a transfer is necessary, the patient can be transferred to Parkridge Medical center or another provider.

14. Data Usage: The TDH and the TDMHSAS data on the current supply and utilization of licensed and CON-approved psychiatric inpatient beds shall be the data sources employed hereunder, unless otherwise noted. The TDMHSAS and the TDH Division of Health Licensure and Regulation have data on the current number of licensed beds. The applicable TDH JAR provides data on the number of beds in operation. Applicants should utilize data from both sources in order to provide an accurate bed inventory.

The data source is the Tennessee Department of Health, TDMHSAS, and the Joint Annual Reports.

15. Adequate Staffing: An applicant shall document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise, and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed Service Area. Each applicant shall outline planned staffing patterns including the number and type of physicians. Additionally, the applicant shall address what kinds of shifts are intended to be utilized (e.g., 8 hour, 12 hour, or Baylor plan). Each unit is required to be staffed with at least two direct patient care staff, one of which shall be a nurse, at all times. This staffing level is the minimum necessary to provide safe care. The applicant shall state how the proposed staffing plan will lead to quality care of the patient population served by the project.

However, when considering applications for expansions of existing facilities, the HSDA may determine whether the existing facility's staff would continue without significant change and thus would be sufficient to meet this standard without a demonstration of efforts to recruit new staff.

A staffing chart is provided in Section B., Economic Feasibility 8. The project will require 5.5 FTE additional staffing, none of which are psychiatrists.

16. Community Linkage Plan: The applicant shall describe its participation, if any, in a community linkage plan, including its relationships with appropriate health care system providers/services and working agreements with other related community services assuring continuity of care (e.g., agreements between freestanding psychiatric facilities and acute care hospitals, linkages with providers of outpatient, intensive outpatient, and/or partial hospitalization services). If they are provided, letters from providers (e.g., physicians, mobile crisis teams, and/or managed care organizations) in support of an application shall detail specific instances of unmet need for psychiatric inpatient services. The applicant is encouraged to include primary prevention initiatives in the community linkage plan that would address risk factors leading to the increased likelihood of Inpatient Psychiatric Bed usage.

Parkridge West already operates a 20 bed psychiatric unit and has linkages in place.

17. Access: The applicant must demonstrate an ability and willingness to serve equally all of the patients related to the application of the service area in which it seeks certification. In

addition to the factors set forth in HSDA Rule 0720-11-.01(1) (listing the factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is limited access in the proposed service area.

18. Quality Control and Monitoring: The applicant shall identify and document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system. An applicant that owns or administers other psychiatric facilities shall provide information on their surveys and their quality improvement programs at those facilities, whether they are located in Tennessee or not.

Copies of Responsive Documents are attached as Attachment Section B., Need 1, (18).

19.Data Requirements: Applicants shall agree to provide the TDH, the TDMHSAS, and/or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested. As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

The applicant agrees.